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THE COST OF GOVERNMENT IN MINNESOTA

AND

ANALYSIS OF MUNICIPAL RECEIPTS AND DISBURSEMENTS

BY

RALPH H. HESS

OF THE UNIVERSITY OF MINNESOTA

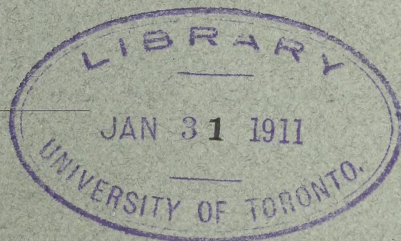
Being Chapters XXII and XXIII of the Second Biennial Report

OF THE

MINNESOTA TAX COMMISSION

1910

SAINT PAUL, MINNESOTA



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CHAPTER XXII

THE COST OF GOVERNMENT IN MINNESOTA

By Ralph H. Hess, Ph. D., Assistant Professor of Economics in the University of Minnesota

INTRODUCTION

The expanding functions of government and the steadily advancing costs of living are probably the most general and conspicuous phenomena of recent political and economic change; at least, it is safe to say that the average American citizen is more keenly aware of the guidance and protection of public authority, and of daily demands upon his purse and upon his productive energies than ever before. The expansion and readjustment of governmental functions are normal attributes of national evolution, and the relative increase in the cost of living is a logical result of social growth.

The United States is entering upon an era in which a wider field of public authority and an expansion of official functions are inevitable. The immediate necessity for such changes may be traced directly to the shifting ratio of population to natural sources of wealth, and to concurrent transitions in the relations of individuals and social classes with respect to the proprietorship of wealth. It is therefore evident that matters of administration and of public finance are of growing importance, not only by themselves considered, but especially in their relation to individual tax-burdens and to the distribution of public service benefits.

The rapidly increasing budgets of our civil units are the source of growing apprehension and criticism, and they will so continue as long as the enforced contributors to government support are without accurate and satisfactory information concerning the conduct of the public exchequer. The ill-advised expenditures of certain departments of government have long been notorious, and the accumulating evidence of habitual betrayal of public trust must make a scientific and intelligible accounting of public funds imperative.

A few well-meaning people are unable to see cause for extended government activities and coextensive revenue charges. Others, in an obvious effort to divert attention from the maturing results of unregulated business activities and to minimize public interest and

possible official interference in certain fields of private enterprise, take issue with the doctrine of expanding public authority and augmenting governmental expenditures. But the great majority of the people are in position to recognize and appreciate the beneficence of public action and are confessedly content to contribute liberally to the public purse, asking only that the burden be equitably distributed, and that public funds be economically and justly administered. These simple demands, however, have never been fully, or at least satisfactorily, complied with, nor is there a way by which it may be generally known when or to what extent they are satisfied. Herein lies the source of most so-called practical problems of taxation, and no theoretical solution will be effective or administrative system satisfactory until a scheme of accurate and intelligible publicity concerning the public account is put into effect. To this end, an effort is being made by the Minnesota tax commission to inaugurate a plan of statistical analysis of governmental costs which, when sufficiently developed, will afford an accurate measure of public revenues and expenditures by sources and objects, and which will prove a reliable criterion of the incidence of public burdens and of governmental services and benefits.

It would not be difficult to formulate a plan of accounts, reports and audits for federal, state and local units of government which would yield at any time an accurate statistical synthesis of public finances or a complete analysis of the cost of government over any given period. The initial task, however, must deal with the situation as it lies, and necessitates in the beginning the application of statistical methods to such transformation of existing accounts as will most expediently represent or measure the costs of current government. Unfortunately, the prevailing practice in public accounting is illy adapted to the methods and objects of descriptive publicity. In many cases archaic systems of public records are perpetuated by statutory provisions and municipal charters and are practically useless in the analysis of significant factors of revenue and expenditure; the weight of custom and official inertia is always opposed to change, and official efficiency is often sacrificed to a mistaken policy of economy or political preferment.

The present study has been conducted with such intensity and completeness as facilities available to the commission and the nature of public records subject to its authority will permit. Public records are not in such forms as to facilitate such analysis as would be most representative of the facts desired concerning costs of government; moreover, time and funds available are not sufficient to extend the

study over a sufficient number of years to reveal the contrast of periods and the perspective of change. Consequently, the statistics here represented are of such origin and form as to make their chief significance that of a cross section of the financial organism of government, revealing something of the existing relation of parts, but showing very little of their relative and respective changes.

SUMMARY OF RESULTS

As nearly as may be ascertained by statistical methods the total annual expense of public service, or the cost of government, to the people of Minnesota, is \$65,436,600. This includes all actual public expenditures as distributed among the federal, state and local units. Reduced to a per capita basis, the public burden is \$29.21, or for a household of five persons, \$146.05. This amount represents a tax of approximately 1.9 cents on each dollar of wealth within the state, or 38 per cent of the possible capitalistic income from such wealth at an interest rate of five per cent.

TABLE A

SUMMARY OF TABLES

Absolute and Per Capita Cost of Government in Minnesota for Fiscal Year Approximating July 31, 1909, to August 1, 1910

Governmental Units	Absolute Cost	Per Capita Cost
Federal ¹	\$22,043,460	\$9.84
State.....	7,527,297	3.36
County and township ²	19,606,755	8.75
City and village.....	16,259,088	7.26
Total.....	\$65,436,600	\$29.21

¹Pro rata share of net federal expenditures imputed to Minnesota on basis of population.

²Includes public school fund and road and bridge fund apportioned by the state among the counties.

³Significant figure for per capita total cost of government.

Note: Since going to press with this report the United States census bureau on November 29th announced a total population for the state of Minnesota of 2,075,708. This number is about 8 per cent below the estimated population used in calculating per capita figures for this table. The per capita totals, as revised, are as follows:

Governmental Units	Per capita costs
Federal.....	\$9.05
State.....	3.63
County and township.....	9.45
City and village.....	7.84
Total.....	\$29.97

The chief significance of the figures represented in the above table is not in their absolute amounts, but in their relation, first, to the benefits of government resulting from their expenditure; second, to the taxable ability of the people upon whom they are levied; third, to concurrent governmental costs in other states and countries; and fourth, to public charges within the state during previous years. Unfortunately, data are not at hand to establish these relations. Systems of public accounting and auditing in vogue are not so designed as to admit of any adequate and intelligible measure, upon a value basis, of services enjoyed, or of permanent assets acquired as a result of public expenditures. Of course, an estimate of relative government efficiency may be deduced from individual observation; but the probable limits of observation and bias of personal judgment necessarily invalidate such evidence as a scientific criterion. The casual opinion that people are happier under this government than that, or that they have received more for their money in one city than another, is a frail foundation upon which to erect a more or less permanent legislative and administrative policy.

Until public accounting is reduced to such detail and uniformity as will make possible an annual balance sheet presenting the actual assets and liabilities of the public establishment, and a periodical revenue and expenditure account, specifying fiscal sources and objects in a way somewhat analogous to the practice of private corporations, such fragmentary results as are offered by this report afford the only substantial basis of progressive policy.

The reports of the treasury department of the United States afford the only basis of deductions concerning the costs of federal government. Just what proportion of this cost is indirectly borne by the people of Minnesota may be ascertained only by a geographical analysis of the incidence of customs duties, of internal revenue collections and of postal receipts. In lieu of the obviously prohibitive difficulties of such a task, a statistical approximation has been attempted by ascribing to the state a *per capita* proportion of each class of federal revenue and expense. In its federal relations Minnesota is a fairly representative state, and a per capita basis is therefore logical as a determinant of the state's share in contributions to and benefits from the federal exchequer.

The following table presents in summary form classified receipts and disbursements of the United States government for two years. Per capita deductions are based upon an estimated population of 86 millions, for 1908, and 88 millions for 1909; and Minnesota's proportion is calculated on an estimated population of 2,132,000, for 1908, and 2,186,000, for 1909.

TABLE B

Summary of Classified Receipts and Disbursements of the United States Government for Fiscal Years 1908 and 1909

CLASS	1908		1909	
	Absolute Amount	Per Capita Amount ¹	Absolute Amount	Per Capita Amount
Receipts—				
Ordinary receipts.....	\$601,060,724	\$6.99	\$603,589,490	\$6.88
Public debt.....	105,137,405	1.22	76,355,248	.87
Postal receipts.....	191,478,663	2.22	203,562,383	2.35
Total receipts.....	\$897,676,792	\$10.43	\$883,507,121	\$10.10
NET REVENUE².....	792,539,387	9.22	807,151,873	9.17
Disbursements—				
Civil establishment ³	\$160,128,829	\$1.86	\$164,912,599	\$1.87
Military establishment.....	137,746,524	1.60	161,067,462	1.83
Naval establishment.....	118,037,097	1.37	115,546,011	1.31
Indian service.....	14,579,756	.17	15,694,618	.18
Pensions.....	153,892,467	1.79	161,710,367	1.84
Public debt & Panama canal	133,411,974	1.55	158,220,048	1.79
Postal service ⁴	206,770,243	2.40	225,151,978	2.55
Total disbursement.....	\$924,566,890	\$10.74	\$1,002,303,083	\$11.37
NET EXPENDITURE⁵.....	812,581,054	9.45	865,886,828	9.84
Net deficit.....	20,041,667	.23	58,734,959	.67

¹Estimated population for 1908, 86,000,000; for 1909, 88,000,000.²Excludes receipts on account on bond sales and other debt items.³Does not include treasury grant to cover postal deficit.⁴Includes postal deficit and other postal disbursements amounting, in 1908, to \$15,291,580, and in 1909, to \$21,589,595, covered by treasury grant.⁵Excludes payments on principal of public debt and Panama canal disbursements.⁶Significant figure for per capita cost of federal government.

It should be observed that in accordance with the general principle followed in this study certain non-revenue and non-expenditure items are eliminated from respective net totals. In this respect statistical analysis departs from general methods of bookkeeping so as to reveal the true magnitude and relation of receipts and expenditures incident to the current public account. Among federal receipts, proceeds from bond sales and treasury deposits by national banks (5 per cent of note issues) constituting the note redemption fund, are not bona fide revenues and hence do not appear among net revenues. Likewise, that part of "public debt and Panama Canal expenditures" applied to the payment of principal and to canal construction does not appear as a legitimate expenditure to be charged to current government. Interest paid on public debt, however, is properly included in such charges.

Postal receipts have not always been considered as costs of public service. There is no reason, however, why that part of the postal service paid for out of revenues from mail charges should be considered to differ in any way from that part financed by a treasury grant to cover the so-called postal deficit; consequently such receipts are here included among government charges. As represented by the United States treasury reports, the true cost of the postal service does not appear upon the summary tables. Not only is the postal deficit annually charged to the treasury branch of the "civil establishment," but certain additional payments of salaries and other items are made from general funds and charged to the treasury department. The summaries of the treasury report here shown have been so transformed as to place such amounts in their proper position as indicative of the purpose of their expenditure.

Of the total federal receipts for the year of 1909, customs duties amount to 34 per cent, internal revenues to 27.9 per cent, and postal receipts to 23 per cent. In the total of federal disbursements the civil establishment accounts for 18.6 per cent, the military establishment receives over 16 per cent, the naval establishment spends 11.5 per cent and the Panama Canal costs 15.8 per cent (an annual per capita charge of about 20 cents).

The federal balance for the past year shows a per capita net deficit of 61 cents.

Table C presents a summary of revenues and expenditures of the state of Minnesota for the years 1909 and 1910. The details of these figures are shown in tables III and IV, which, for purposes of comparison, include similar statistics for 1907 and 1908.

TABLE C

*Summary of Classified Receipts and Disbursements of the State of Minnesota for Fiscal Years Ending July 31, 1909 and 1910

CLASS	1909		1910	
	Absolute Amount	Per Capita Amount	Absolute Amount	Per Capita Amount
Receipts—				
General taxes.....	\$3,523,712	\$1.61	\$3,253,829	\$1.45
Special taxes.....	3,798,848	1.74	5,649,528	2.52
State licenses.....	99,932	.05	93,499	.04
Departmental earnings.....	615,176	.28	697,237	.31
Earnings of institutions ²	1,862,039	.85	1,873,946	.84
Investments and interests..	1,478,655	.68	1,260,696	.56
Lands and royalties.....	922,595	.42	1,227,395	.55
Miscellaneous sources.....	221,029	.10	754,814	.34
Total receipts.....	\$12,521,986	\$5.73	\$14,810,944	\$6.61
NET REVENUE¹.....	10,529,371	4.82	12,419,259	5.54
Disbursements—				
Administration.....	\$606,454	\$.28	\$501,383	\$.22
Legislation.....	322,511	.15		
Judicial and legal.....	241,187	.11	265,303	.12
Education.....	4,772,822	2.18	5,269,088	2.34
Charities and corrections ² ..	3,224,627	1.47	3,425,724	1.53
Public health and general welfare.....	537,476	.25	517,630	.23
Protection of life & property	311,662	.14	367,589	.16
Highways and bridges.....	450,282	.21	284,890	.13
Investments.....	1,383,010	.64	1,654,443	.74
Payment of debt & interest.	348,536	.16	212,551	.09
State lands and other national resources.....	266,068	.12	222,423	.10
Publicity and research.....	135,755	.06	289,418	.13
Libraries.....	51,172	.02	48,038	.02
Miscellaneous purposes.....	176,003	.08	87,254	.04
Total disbursements.....	\$12,827,565	\$5.87	\$13,154,734	\$5.85
NET EXPENDITURE³.....	7,570,805	3.45	7,527,297	3.06
Net surplus.....	255,695	.13	1,916,893	.85

*For details of table C, see tables III and IV, pages.....

¹Excludes non-revenue items indicated in tables III and IV.

²Includes cost of raw materials at prison twine plant—\$960,481 in 1909, and \$1,028,489 in 1910.

³Excludes all non-expense items, also excludes state aid to counties and municipalities amounting to \$2,702,871 in 1909 and \$2,975,069 in 1910. See table IV.

⁴Significant figure for per capita cost of state government.

The above summary and table from which it is derived more nearly conform with a proper analysis of public finances than any other part of this presentation. Although the state's accounts afford a detailed classification of all receipts and disbursements by "funds," they are not so connotated as to indicate in a descriptive way their respective sources and objects. There are, however, public records of moneys received and warrants drawn so arranged as to indicate sources of revenue expenditures. By preparing a schedule of eight revenue divisions and forty classes of disbursements, it is possible to canvass the detailed records of receipts and payments and classify them under significant titles. With adequate facilities, the same method might profitably be applied to the analysis of federal, county and municipal finances. The process, however, is extremely laborious, and, indeed, would be unnecessary in any case if prevailing systems of public accounting were adjusted to the needs of the public intelligence.

A factor of error appears in the above table and in table III, which, for reasons of expediency, has not been eliminated. "State taxes," according to the present system of accounting, are classified with regard to purpose as follows: (1) "State revenue, soldiers' relief, state road and bridge, university campus and prison building funds;" (2) "school and university tax;" (3) "interest and principal on state loans."

Now, if it be assumed that all "state taxes" annually levied are collected by the counties during the ensuing year, or subsequently as delinquent taxes, and paid into the treasury of the state, the result would be as indicated in the tables. As a matter of fact, however, the third division of the so-called state tax is not a tax for state purposes at all, but is virtually a local levy for the purpose of paying to the state annual interest and the matured principal of loans extended from the trust funds of the state to local units. Such funds are therefore collected, not for state purposes, but for the benefit of the counties, townships, school districts and municipalities, and should be denominated as local taxes. These amounts, when deducted from the state revenues, as tabulated, reduce the per capita excess of receipts over expenditures from a nominal annual average of 57.5 cents to 16.8 cents. Since expenditures rather than receipts are taken as the basis of cost of the state government, the full amount of the annual tax levy is admitted to the tables.

For the year 1910, the general property tax, including the balances due from county officials against state tax levies and \$539,659

collected in the name of the state for the payment of local obligations to the state, supplies less than 22 per cent of the state's net revenue. Special taxes, of which the railroads pay three-fourths—amounting in 1909 to \$2,972,793, and in 1910, to \$4,458,912—contribute over 38 per cent of the total. It is interesting to note that for every \$1.15 collected by the state in property taxes, 95 cents is returned by the state to local units for schools, roads and municipal fire protection, and in addition, something is added each year to the permanent school and internal improvement funds as a perpetual endowment for the future benefit of the whole state. Amounts thus disbursed through the local units, or permanently invested under the direction of the state, are not charged to the cost of state government, but appear among the expenditures of the respective counties and municipalities and upon the non-expenditure list of state disbursements.

Most prominent among state expenses are appropriations for education and charities and corrections, which account for 40 per cent and 26 per cent, respectively, of all the state disbursements. General administration takes 3.8 per cent of the state's money; the judicial and legal department gets 2 per cent; public health and general welfare purposes consume 4 per cent; highways and drainage, 2.2 per cent; and protection of life and property, 2.79 per cent.

Table D represents a comparative summary of receipts and disbursements of the state of Minnesota for a period of four years. In reducing absolute amounts to per capita estimates, the average annual increment of population ($2\frac{1}{2}$ per cent) is based upon the increase of fifteen years previous to 1905.

TABLE D

Historical Summary of Receipts and Disbursements of the State of Minnesota for the Fiscal Years 1907 to 1910¹

	1907	1908	1909	1910	Average of four years
Population ²	2,080,238	2,132,244	2,185,550	2,240,189	2,159,555
Gross receipts.....	\$11,259,995	\$12,461,526	\$12,521,986	\$14,810,944	\$12,763,613
Per capita.....	5.41	5.84	5.73	6.61	5.90
Increase.....		7.95%	*1.85%	15.37%	7.16%
Gross disbursements..	10,688,004	11,917,487	12,827,565	13,145,734	12,143,477
Per capita.....	5.14	5.59	5.87	5.87	5.62
Increase.....		8.32%	4.75%		4.36%
Net revenues.....	9,461,564	10,463,433	10,529,371	12,419,259	10,718,407
Per capita.....	4.55	4.91	4.82	5.54	4.95
Increase.....		7.92%	*1.83%	14.95%	6.95%
Expenditures for state purposes..	5,588,678	6,511,408	7,570,805	7,527,297	6,799,547
Per capita.....	2.69	3.05	3.45	³ 3.36	3.14
Increase.....		13.40%	13.12%	* 2.61%	7.97%
Transfers to counties & municipalities	2,256,655	2,795,391	2,702,872	2,975,069	2,682,497
Per capita.....	1.08	1.32	1.24	1.33	1.24
Increase.....		22.25%	*6.07%	7.27%	7.82%
Net surplus ⁴	1,616,231	1,156,634	255,694	1,916,893	1,236,363
Per capita.....	.78	.54	.13	.85	.575

*Decrease.

¹This table pertains to receipts and disbursements of the state government only.

²Estimated on coefficient of 2½% annual increase as shown by censuses of 1900 and 1905.

³Significant figure for per capita cost of state government.

⁴Of the net surplus of \$3,512,726 for the four years covered by the table, \$767,746 has been paid on the state debt, and the remainder is divided among the trust funds and treasury surplus of the state.

The above table reveals the fact, not before clearly established, that the absolute revenues and expenditures of the state are not only keeping pace with the increase in population, but are advancing even more rapidly. Reduced to the per capita basis, the annual increase of the net revenue of the state averages 6.45 per cent, expenditures for state purposes are increasing at an annual rate of 7.97 per cent, and transfers from state funds for local purposes increase at an average rate of 7.82 per cent. These figures, however, are not extended over a sufficient period of time to demonstrate a general law of relativity of public expenses and growth of population.

Neither are they to be taken as bona fide factors of recent price **advances**, or the so-called increased cost of living, which approximates 5 per cent a year.

When desired statistical facts cannot be obtained by direct methods, deductions from analogy or by comparison are justified. In endeavoring to measure the costs of the numerous units of local government, it soon becomes obvious to the investigator that reliable records of expenditures in such detail as to admit of their significant classification with regard to objects cannot be secured. Among the smaller municipal units it is even impossible to secure reliable figures as to total amounts expended during any given period. Reasoning deductively, it is logical to conclude that, taken year by year, local revenues are concurrently expended. For obvious reasons, records of receipts from taxes and other sources for counties and municipalities are more detailed and accurate than are the accounts of their expenditure. Table E represents a summary of all revenues of counties, townships, school districts, cities and villages of the state, and, upon the assumption of the coincident expenditure of such revenues, admits the total as a significant criterion of the cost of local government.

TABLE E

Summary of Local Revenues in the State of Minnesota for Fiscal Year
Approximating July 31, 1909 to August 1, 1910

Sources of Revenue	County and Township Purposes	Municipal Purposes	Total
General taxes.....	\$17,429,708	\$9,739,405	\$27,169,113
Per capita.....	7.78	4.36	12.14
Liquor licenses.....		2,564,518	2,564,518
Per capita.....		1.14	1.14
Aid from state—			
For schools.....	1,894,479		
For roads and bridges.....	74,090		
For fire companies.....		122,011	2,090,580
Per capita.....	.88	.05	.93
Miscellaneous ¹	208,478	3,833,145	4,041,632
Per capita.....	.09	1.71	1.80
Total.....	\$19,606,755	\$16,259,088	\$35,865,843
Per capita.....	8.75	7.26	² 16.01

¹Includes licenses (other than liquor), fines, fees, earnings of municipal industries, etc.

²Significant figure for per capita cost of local government.

In no part of this report is the probability of error so great as in the estimates of the costs of local government as presented in the above table. No annual statements or permanent records of the finances of counties and municipalities are made available to the public. Factors which are potent in the appointment of financial and clerical officials in the local civil units are such as to admit of a degree of incompetency which is deplorable, and the fact that legal supervision and responsibility are practically nil leaves unregulated that part of the financial mechanism burdened with the handling of 55 per cent of all public funds and by its nature least competent of all existing public financial agencies. Inquiries incident to this investigation frequently elicited the response that records of former officials were incomplete or missing or in such condition of chaos as to be unintelligible to present incumbents of office. Our schedules were in many instances returned in such incomplete form or so obviously in error as to reveal ignorance of the simplest principles of bookkeeping on the part of the reporting official and to make the figures worthless for statistical purposes. However, the law of averages, when applied to returns for 85 counties and 675 cities and villages, eliminates, upon the principle of balanced errors, the probability of any large inaccuracy in their aggregates, and the totals and averages here presented may safely be accepted as approximately correct. About 35 smaller villages and two municipalities of considerable size (Cloquet and Rochester), which were unable to supply the figures requested, introduce an initial error of omission which is compensated for by an interpolated correction upon the basis of the estimated proportion of the state's urban population residing within the communities not reporting. This correction accounts for 1.655 per cent of all items appertaining to municipal costs appearing in table E.

It should be especially noted that the major portion of the cost of education is charged to county government, of which it constitutes 45 per cent for the year 1910. This item of public schools, excluding expenditures for state educational institutions, accounts for 13.5 per cent of all public expenditures, and for 26.4 per cent of all expenses not imputed to cost of federal government. If state expenditures for educational purposes be added to those of the local units, the aggregate for the year just closed is \$14,104,718, representing a per capita cost of \$6.31, or 42 per cent of the total cost of state and local government.

There is no department of public finance and accounting in which the need for organic reconstruction and coextensive publicity is

so keen as in county and municipal administration. This is true not only because the local units of government collect and disburse the majority of all public funds and exercise a major guardianship over the general welfare, but also because of the rapidly increasing density of population; the concentration of wealth and industry in the cities and the consequent growing importance of county activities in such matters as internal improvements, and of municipal responsibility for salutary domestic and industrial environment. Under an adequate system of accounting, an investigation along the lines of this report should not only be made with ease and accuracy, but the resources and liabilities of each administrative plant should be determinable, the exact sources of each item of income and the purpose of each expenditure should be readily classified and current and permanent benefits of government should be enumerated on a unit basis and set over against expenditures as a measure of value received. It is for reasons indicated above that a survey of the finances of twenty-three cities, with deductions as to the cost of municipal government in Minnesota has been attempted and is made a part of this report.*

Since this study is pioneer work in Minnesota, and, indeed, in the United States, its value for purposes of comparison is almost entirely potential. Furthermore, the immediate purpose of this report is not so much to emphasize conclusions as to draw attention to the importance of gathering, tabulating, and publishing data pertaining to the conduct of public business and to lay a foundation for constructive work in this direction. As a matter of fact, intelligent legislation and public policy must ultimately spring from an accurate knowledge of economic and social affairs. Under a democratic government, such knowledge must be general.

Now, all the doctrines of taxation, of public ownership and regulation, of welfare legislation, of federal and state activities in internal improvements, industrial development and conservation can be publicly judged as to their practicability only upon positive knowledge of the business end of government and of the actual and probable costs and benefits involved.

Changes in tax laws, so popular nowadays in response to a growing demand for separation of taxes, for retaliatory and corrective excises, for more equitable distribution of public burdens, and for the support of extended governmental functions, cannot be intelligently undertaken without a knowledge of the incidence of the existing system and of the cost, nature and distribution of the

*See chapter XXIII.

actual and potential benefits of public service. All legislation having any bearing on matters of public or private finance will be uncertain, and public policy will remain tentative and imperfectly defined, until a uniform system of statistical analysis is formulated which will supply the necessary information in such form as may be understood by the lay reader.

There is nothing particularly difficult about the securing of the necessary data and the making of positive statistical analyses and deductions for popular education in matters of public finance. Three things only are necessary to this end: (1) authority to require expeditious public accounting; (2) the maintaining of a scientific bureau or laboratory of statistics, which should be entirely removed from political influence; (3) the lapse of sufficient time for the measurement of changes and relations and the contrast of conditions. The cost to the state of the maintenance of a statistical service, properly equipped to render qualitative and quantitative analyses of values and costs of government and of the relations of public activities and policies to social and economic factors, would be infinitesimal compared with the public and official benefits to be derived therefrom.

TABLE I

CLASSIFIED RECEIPTS OF THE UNITED STATES, 1908 AND 1909

CLASS	1908		1909		% of change for 1909
	Amount	% of total	Amount	% of total	
Ordinary receipts—					
Customs.....	\$286,113,130.29	31.9	\$300,711,933.95	34.0	5.1
Internal revenue...	251,711,126.70	28.0	246,212,643.59	27.9	*2.8
Sales of public land.	9,731,560.23	1.1	7,700,567.78	.9	*20.8
Miscellaneous.....	53,504,906.45	6.0	48,964,344.52	5.5	*8.6
Total.....	\$601,060,723.67	67.0	\$603,589,489.84	68.3	.4
Public debt—					
National bank note fund.....	\$64,333,136.50	7.2	\$45,624,239.50	5.2	*28.1
Certificates of indebtedness.....	15,436,500.00	1.7			*100.0
Panama canal bonds sold.....	24,631,980.00	2.7	30,000,000.00	3.4	21.8
Premium on canal bonds.....	735,788.67	.1	731,008.21	.1	*.3
Total.....	\$105,137,405.17	11.7	\$76,355,247.71	8.7	*27.5
<i>Postal receipts.....</i>	<i>191,478,663.41</i>	<i>21.3</i>	<i>203,562,383.07</i>	<i>23.0</i>	<i>8.7</i>
Total receipts.....	897,676,792.25	100.0	883,507,120.62	100.0	*1.6
<i>Receipts, exclusive of postal receipts....</i>	<i>706,108,128.84</i>	<i>78.7</i>	<i>679,944,737.55</i>	<i>77.0</i>	<i>*3.7</i>
Net revenues¹.....	792,539,387.08	88.3	807,151,872.91	91.3	1.9
Deficit in net revenues to balance net expenditures.....	20,041,666.97	2.3	58,734,954.93	6.7	192.3
	\$812,571,054.05		\$865,886,827.84		

*Decrease.

¹Total revenues, exclusive of public debt.

TABLE II

CLASSIFIED DISBURSEMENTS OF THE UNITED STATES, 1908 AND 1909

CLASS	1908		1909		% of change for 1909
	Amount	% of Total	Amount	% of Total	
Civil establishment—					
Executive.....	\$404,523.50	.04	\$444,107.21	.04	9.8
Legislative.....	13,788,886.42	1.48	13,745,064.12	1.37	*.3
Dept. of justice....	9,093,846.28	.96	9,073,150.17	.90	*.2
Dept. of state.....	3,745,562.62	.40	3,880,330.75	.38	3.6
Treasury dept.....	56,796,886.77	6.14	61,707,194.28	6.16	8.6
War dept.....	2,180,436.84	.23	2,276,750.63	.22	4.4
Navy dept.....	743,136.14	.08	769,513.11	.08	3.5
Interior dept.....	25,475,412.78	2.76	24,889,395.32	2.48	*2.8
Post office dept....	15,291,579.80	1.64	21,589,594.51	2.16	41.2
Dept. of agriculture	13,460,764.40	1.45	16,282,468.23	1.63	21.0
Dept. of commerce and labor.....	14,850,228.47	1.60	14,301,469.85	1.43	*3.7
Independent bureaus and offices.....	7,404,639.45	.80	2,766,569.54	.28	*62.6
Dist. of Columbia..	12,184,505.10	1.36	14,776,541.75	1.48	13.1
Total.....	\$175,420,408.57	18.94	\$186,502,149.47	18.61	6.4
Military establishment					
Pay dept.....	\$32,982,606.10	3.56	\$41,979,486.21	4.19	27.3
Subsistence & quartermasters depts.	40,110,954.45	4.34	44,758,706.86	4.47	11.6
Ordnance dept.....	11,456,861.12	1.24	13,493,637.57	1.34	17.8
Improving harbors and rivers.....	30,157,649.01	3.26	34,416,483.10	3.44	14.1
Engineering dept...	4,568,593.89	.49	5,472,181.52	.54	19.8
Soldiers' homes....	6,133,070.48	.67	6,418,435.62	.64	4.7
Miscellaneous.....	12,336,788.90	1.34	14,528,531.51	1.45	17.8
Total.....	\$137,746,523.95	14.90	\$161,067,462.39	16.07	16.9
Naval establishment—					
Increase of navy...	\$27,468,655.76	2.98	\$25,401,908.40	2.54	*7.5
Pay of the navy....	25,492,613.45	2.76	29,365,165.05	2.93	15.2
Equipment, construction & repair	20,579,124.70	2.22	19,056,308.44	1.90	*7.4
Ordnance, supplies and accounts....	15,395,422.83	1.67	19,351,725.46	1.93	25.7
Marine corps.....	5,595,253.37	.61	4,439,879.08	.44	*20.6
Miscellaneous.....	23,506,027.04	2.54	17,931,024.66	1.79	*23.7
Total.....	\$118,037,097.15	12.78	\$115,546,011.09	11.53	*1.2

TABLE II—Continued

CLASSIFIED DISBURSEMENTS OF THE UNITED STATES, 1908 AND 1909

CLASS	1908		1909		% of change for 1909
	Amount	% of Total	Amount	% of Total	
Indian service—					
Support of Indian schools.....	\$4,115,540.32	.45	\$3,681,704.89	.37	*10.6
Fulfilling treaty stipulations.....	2,163,390.35	.23	1,282,126.46	.13	*40.7
Trust funds & int...	3,915,343.30	.43	5,284,787.68	.53	35.0
Miscellaneous.....	4,385,481.78	.47	5,445,999.08	.54	24.2
Total.....	\$14,579,755.75	1.58	\$15,694,618.11	1.57	7.7
Pensions.....	153,892,467.01	16.62	161,710,367.25	16.13	5.1
Public debt and Panama canal—					
Public debt (principal).....	\$73,891,906.50	8.00	\$104,996,770.00	10.47	42.1
Interest on the public debt.....	21,426,138.21	2.33	21,803,836.06	2.18	1.8
Panama canal disbursements.....	38,093,929.04	4.13	31,419,442.41	3.14	*17.5
Total.....	\$133,411,973.75	14.46	\$158,220,048.47	15.79	18.6
<i>Total disbursements exclusive of postal.....</i>	<i>733,088,226.18</i>	<i>79.28</i>	<i>798,740,657.18</i>	<i>79.70</i>	<i>9.0</i>
<i>Postal service excluding treasury grants to cover deficit</i>	<i>191,478,663.41</i>	<i>20.72</i>	<i>203,562,383.07</i>	<i>20.30</i>	<i>86.5</i>
Total disbursements... Excess of disbursements over receipts	\$924,566,889.59	100.00	\$1,002,303,040.25	100.00	8.4
	26,890,097.74	2.90	118,795,919.63	11.85	341.8
Net expenditures¹....	\$812,581,054.05	87.89	\$865,886,827.84	86.39	6.2

*Decrease.

¹Includes total disbursements exclusive of principal paid on public debt and Panama canal expenditures.

TABLE III

CLASSIFIED RECEIPTS OF THE STATE OF MINNESOTA FOR THE
FISCAL YEARS 1907 TO 1910 INCLUSIVE

Sources of Revenue	1907	1908	1909	1910
General taxes—				
Real estate.....	\$2,062,095	\$2,804,414	\$2,974,205	\$2,793,778
Personal property.....	446,493	531,090	549,507	460,051
Total.....	\$2,508,588	\$3,335,504	\$3,523,712	\$3,253,829
<i>Proportion of grand total.....</i>	<i>22.27%</i>	<i>26.77%</i>	<i>28.14%</i>	<i>21.97%</i>
<i>Change from previous year.....</i>		<i>33.00%</i>	<i>2.00%</i>	<i>*.77%</i>
Special taxes—				
Railroads.....	\$3,270,337	\$3,425,305	\$2,972,793	\$1,458,912
Insurance companies.....	370,724	365,294	370,665	382,419
Telephone companies.....	93,120	103,054	122,917	163,259
Telegraph companies.....	2,560	21,610	41,991	21,916
Freight line, sleeping car and express companies.....	40,834	39,409	41,222	49,127
Vessels.....	16,176	16,320	17,252	21,814
Inheritances.....	142,359	43,455	215,093	508,882
Mortgage registry.....	10	2,995	16,915	43,199
Total.....	\$3,936,120	\$4,017,442	\$3,798,848	\$5,649,528
<i>Proportion of grand total.....</i>	<i>34.97%</i>	<i>32.23%</i>	<i>30.34%</i>	<i>38.16%</i>
<i>Change from previous year.....</i>		<i>2.12%</i>	<i>*.55%</i>	<i>48.71%</i>
State licenses—				
Hunters.....	\$13,837	\$16,464	\$16,627	\$16,668
Liquor (2%).....	315	34,579	67,201	53,754
Motor vehicle.....			13,014	22,242
Peddlers.....			3,090	835
Total.....	\$14,152	\$51,043	\$99,932	\$93,499
<i>Proportion of grand total.....</i>	<i>.12%</i>	<i>.39%</i>	<i>.80%</i>	<i>.63%</i>
<i>Change from previous year.....</i>		<i>260.77%</i>	<i>95.78%</i>	<i>*7.59%</i>
Departmental earnings, fees, etc.				
Dairy and food commission...	\$7,191	\$13,709	\$7,951	\$9,221
Game and fish commission...	6,137	11,904	14,704	17,845
Oil inspection.....	32,208	43,864	34,934	50,668
Grain and hay inspection.....	243,665	276,750	270,343	313,555
Insurance commissioner.....	59,247	60,607	64,402	64,479
Secretary of state.....	6,664	2,671	3,685	4,015
Incorporation fees.....	159,565	68,650	80,210	98,315
Bank fees.....	6,270	9,578	710	23,133
Miscellaneous.....	100,327	102,668	127,113	116,006
Total.....	\$621,174	\$590,301	\$615,176	\$697,237
<i>Proportion of grand total.....</i>	<i>5.51%</i>	<i>4.73%</i>	<i>4.91%</i>	<i>4.71%</i>
<i>Change from previous year.....</i>		<i>*4.78%</i>	<i>4.22%</i>	<i>13.36%</i>

TABLE III—Continued

CLASSIFIED RECEIPTS OF THE STATE OF MINNESOTA FOR THE
FISCAL YEARS 1907 TO 1910 INCLUSIVE

Sources of Revenue	1907	1908	1909	1910
Earnings of institutions—				
State university (including federal aid under Adams and Hatch bills)	\$218,598	\$376,670	\$278,459	\$286,379
State prison (including sale of binder twine)	1,274,038	1,248,432	1,389,013	1,358,117
Other state institutions (including federal aid to soldiers' home)	269,624	165,958	194,567	229,450
Total	\$1,762,260	\$1,791,060	\$1,862,039	\$1,873,946
<i>Proportion of grand total</i>	<i>15.65%</i>	<i>14.37%</i>	<i>14.87%</i>	<i>12.65%</i>
<i>Change from previous year</i>		<i>1.66%</i>	<i>3.97%</i>	<i>.66%</i>
Investments and interest—				
Redemption of bonds	\$229,000	\$270,000	\$356,000	\$250,000
Repayment of school loans ..	463,935	429,731	475,467	374,842
Interest on bonds and investments	303,705	295,653	601,017	571,570
Interest on deposits	33,236	39,179	41,453	54,275
Miscellaneous	301	12,969	4,718	10,009
Total	\$1,030,177	\$1,047,532	\$1,478,655	\$1,260,696
<i>Proportion of grand total</i>	<i>9.16%</i>	<i>8.40%</i>	<i>11.81%</i>	<i>8.50%</i>
<i>Change from previous year</i>		<i>1.70%</i>	<i>41.17%</i>	<i>*14.82%</i>
Lands and royalties—				
Sales of timber and grass on state lands	\$596,444	\$556,095	\$342,596	\$320,069
Principal received on land contracts	213,434	190,526	159,784	267,962
Interest received on land contracts	272,187	281,852	278,421	312,212
Mineral permits and contracts	31,985	21,000	22,400	23,200
Royalties on iron ore	163,833	216,434	119,394	303,952
Total	\$1,277,883	\$1,265,907	\$ 922,595	\$1,227,395
<i>Proportion of grand total</i>	<i>11.35%</i>	<i>10.16%</i>	<i>7.37%</i>	<i>8.29%</i>
<i>Change from previous year</i>		<i>*9.69%</i>	<i>*28.12%</i>	<i>33.07%</i>
Miscellaneous receipts—				
5% on sales, public lands	\$9,651	\$12,249	\$20,362	\$16,454
Sale of bonds and certificates of indebtedness	100,000	350,488	200,667	738,360
Total	\$109,651	\$362,737	\$221,029	\$754,814
<i>Proportion of grand total</i>	<i>.97%</i>	<i>2.91%</i>	<i>1.76%</i>	<i>5.09%</i>
<i>Change from previous year</i>		<i>262.72%</i>	<i>*39.07%</i>	<i>241.55%</i>
GRAND TOTAL	\$11,260,005	\$12,461,526	\$12,521,986	\$14,810,944
<i>Change from previous year</i>		<i>10.71%</i>	<i>.56%</i>	<i>18.30%</i>

TABLE III—Continued

CLASSIFIED RECEIPTS OF THE STATE OF MINNESOTA FOR THE
FISCAL YEARS 1907 TO 1910 INCLUSIVE

	1907	1908	1909	1910
Deductions for non-revenue items				
Principal repaid on invested trust funds.....	\$692,935	\$699,731	\$831,467	\$624,842
Receipts from sale of bonds & certificates of indebtedness	100,000	³ 350,000	200,667	738,354
Cost of raw materials used in prison twine plant.....	1,005,496	948,362	960,481	1,028,489
Total.....	\$1,798,431	\$1,998,093	\$1,992,615	\$2,391,685
<i>Proportion of grand total.....</i>	<i>15.98%</i>	<i>16.04%</i>	<i>15.90%</i>	<i>16.09%</i>
<i>Change from previous year.....</i>		<i>11.11%</i>	<i>*.28%</i>	<i>20.00%</i>
Net total revenues².....	\$9,461,574	\$10,463,433	\$10,529,371	\$12,419,259
<i>Proportion of grand total.....</i>	<i>84.02%</i>	<i>83.94%</i>	<i>84.04%</i>	<i>83.83%</i>
<i>Change from previous year.....</i>		<i>10.61%</i>	<i>.63%</i>	<i>17.96%</i>

*Decrease.

¹Statute declared unconstitutional by supreme court Nov. 22, 1909.²See note 4, page 238.³Does not include premium.

TABLE IV

CLASSIFIED DISBURSEMENTS OF THE STATE OF MINNESOTA FOR
THE FISCAL YEARS 1907 TO 1910 INCLUSIVEShowing Absolute and Relative Disbursements for Different Purposes and Relative
Annual Changes

Purpose of Expenditure	1907	1908	1909	1910
Administration—				
Executive and financial offices				
Governor.....	\$18,230	\$20,027	\$17,448	\$21,400
State auditor (not including land department).....	15,763	18,274	25,079	18,590
State treasurer.....	16,911	17,892	18,533	18,895
Secretary of state.....	11,740	15,075	23,981	28,167
Public examiner.....	30,878	45,392	48,407	31,722
State commissions—				
Tax commission and board of equalization ¹	11,413	34,587	34,478	34,867
Railroad and warehouse commission.....	38,819	60,647	64,493	48,793
Buildings, fuel, light, etc.—				
New capitol.....	63,496	127,780	137,706	69,472
Old capitol.....	11,951	12,144	14,171	16,691
Board of state capitol com- missioners.....	211,887	219,745	200,000	201,390
Miscellaneous.....	14,765	978	22,158	11,396
Total.....	\$445,853	\$572,541	\$606,454	\$501,383
<i>Proportion of grand total.....</i>	<i>4.17%</i>	<i>4.80%</i>	<i>4.73%</i>	<i>3.80%</i>
<i>Change from previous year.....</i>		<i>28.42%</i>	<i>5.93%</i>	<i>*17.20%</i>
Legislation—				
Senate and House.....	\$189,975		\$290,724	
Miscellaneous.....	14,897		31,787	
Total.....	\$204,872		\$322,511	
<i>Proportion of grand total.....</i>	<i>1.92%</i>		<i>2.51%</i>	
<i>Change from previous session.....</i>			<i>57.42%</i>	
Judicial and legal—				
Supreme court.....	\$40,426	\$48,017	\$48,411	\$47,925
District courts.....	123,260	126,535	150,473	180,030
Attorney general.....	26,260	25,624	41,642	37,348
Miscellaneous.....	1,441	903	661	
Total.....	\$191,387	\$201,079	\$241,187	\$255,303
<i>Proportion of grand total.....</i>	<i>1.79%</i>	<i>1.69%</i>	<i>1.88%</i>	<i>2.01%</i>
<i>Change from previous year.....</i>		<i>5.05%</i>	<i>19.93%</i>	<i>10.02%</i>

TABLE IV—Continued

CLASSIFIED DISBURSEMENTS OF THE STATE OF MINNESOTA FOR
THE FISCAL YEARS 1907 TO 1910 INCLUSIVEShowing Absolute and Relative Disbursements for Different Purposes and Relative
Annual Changes

Purpose of Expenditure	1907	1908	1909	1910
Education—				
State university (exclusive of school of agriculture).....	\$697,247	\$1,224,712	\$1,310,856	\$1,303,547
University school of agriculture, agricultural schools & stations.....	206,902	238,456	100,794	123,724
Normal schools, normal instruction, teachers institutes etc.....	313,482	350,867	454,273	499,171
Primary and secondary schools	1,618,522	1,983,273	1,914,312	2,264,756
High schools.....	315,129	530,665	422,515	535,199
Schools for deaf and blind.....	98,530	138,957	154,615	164,409
School for feeble-minded.....	211,148	227,977	377,242	340,043
Farmers institutes.....	17,985	20,454	23,404	21,668
Superintendent of public instruction.....	13,723	14,455	14,811	16,571
Total.....	\$3,492,668	\$4,729,816	\$4,772,822	\$5,269,088
<i>Proportion of grand total.....</i>	<i>32.62%</i>	<i>39.61%</i>	<i>37.22%</i>	<i>40.00%</i>
<i>Change from previous year.....</i>		<i>35.44%</i>	<i>.92%</i>	<i>10.36%</i>
Charities and corrections—				
Hospitals and sanitariums.....	\$857,412	\$831,808	\$916,480	\$1,004,041
Asylums.....	142,103	216,311	262,734	267,492
Soldiers homes.....	122,781	139,520	123,805	148,996
Soldiers and sailors burial and relief.....	99,579	88,370	88,686	103,389
Indian war pensions.....	40,707	51,789	56,434	47,910
State prison ²	1,363,412	1,405,473	1,468,403	1,528,783
State reformatory.....	133,543	136,364	167,156	170,647
State training school and industrial school for girls.....	97,121	103,351	87,746	86,559
Miscellaneous relief.....	3,975	5,755	20,921	4,886
Lands for state institutions...	11,154	41,178	2,163	31,284
State board of control.....	26,934	30,143	30,099	31,737
Total³.....	\$2,898,721	\$3,050,062	\$3,224,627	\$3,425,724
<i>Proportion of grand total.....</i>	<i>27.12%</i>	<i>25.60%</i>	<i>25.13%</i>	<i>26.03%</i>
<i>Change from previous year.....</i>		<i>5.24%</i>	<i>5.74%</i>	<i>6.26%</i>
Public health and general welfare				
State board of health.....	\$30,518	\$38,185	\$44,523	\$51,708
Bureau of labor.....	20,687	35,840	42,080	46,537
Dairy and food commission...	59,536	60,323	54,360	68,466
Live stock sanitary board.....	79,121	54,227	109,925	52,004
Grain and hay inspection.....	259,050	271,090	280,466	288,436
Miscellaneous.....	6,876	5,992	6,122	10,479
Total.....	\$455,788	\$465,657	\$537,476	\$517,630
<i>Proportion of grand total.....</i>	<i>4.30%</i>	<i>3.93%</i>	<i>4.18%</i>	<i>3.93%</i>
<i>Change from previous year.....</i>		<i>2.21%</i>	<i>15.40%</i>	<i>*3.68%</i>

TABLE IV—Continued

CLASSIFIED DISBURSEMENTS OF THE STATE OF MINNESOTA FOR
THE FISCAL YEARS 1907 TO 1910 INCLUSIVEShowing Absolute and Relative Disbursements for Different Purposes and Relative
Annual Changes

Purpose of Expenditure	1907	1908	1909	1910
Protection of life and property—				
National guard.....	\$83,536	\$105,579	\$94,606	\$88,382
Naval militia.....	13,213	10,707	8,749	9,877
Adjutant general's office.....	6,000	6,600	6,600	7,250
Banking department.....				42,543
Insurance commissioner's office.....	20,936	24,340	21,400	20,006
Aid to municipal fire depts.....	107,912	115,578	118,635	122,011
Oil inspection.....	29,140	29,999	30,288	40,044
Bounties.....	32,134	37,925	31,384	37,557
Total.....	\$292,871	\$330,728	\$311,662	\$367,640
<i>Proportion of grand total.....</i>	<i>2.74%</i>	<i>2.77%</i>	<i>2.43%</i>	<i>2.79%</i>
<i>Change from previous year.....</i>		<i>12.93%</i>	<i>*5.78%</i>	<i>17.96%</i>
Highways and drainage—				
Roads and bridges.....	\$207,097	\$157,787	\$239,250	\$44,528
State highway commission.....	5,867	5,078	7,743	10,472
Drainage commission.....	34,811	83,443	203,289	229,890
Total.....	\$247,775	\$246,308	\$450,282	\$284,890
<i>Proportion of grand total.....</i>	<i>2.32%</i>	<i>2.07%</i>	<i>3.51%</i>	<i>2.17%</i>
<i>Change from previous year.....</i>		<i>*.58%</i>	<i>82.82%</i>	<i>*36.72%</i>
Investments—				
Loans from permanent school fund.....	\$1,472,493	\$1,326,418	\$1,145,052	\$1,412,654
Invested university fund.....	99,775	38,700	173,580	64,300
Invested swamp lands fund.....	28,515	65,000	64,378	126,545
Miscellaneous investments.....	63,642	50,000		50,944
Total.....	\$1,664,425	\$1,480,118	\$1,383,010	\$1,654,443
<i>Proportion of grand total.....</i>	<i>15.59%</i>	<i>12.43%</i>	<i>10.80%</i>	<i>12.74%</i>
<i>Change from previous year.....</i>		<i>*9.11%</i>	<i>*6.54%</i>	<i>19.62%</i>
Payment of debt and interest—				
Principal paid on notes and bonds.....	\$172,750	\$182,208	\$269,320	\$143,468
Interest paid on state debt.....	99,553	75,012	79,216	69,083
Total.....	\$272,303	\$257,220	\$348,536	\$212,551
<i>Proportion of grand total.....</i>	<i>2.55%</i>	<i>2.15%</i>	<i>2.72%</i>	<i>1.62%</i>
<i>Change from previous year.....</i>		<i>*5.57%</i>	<i>35.51%</i>	<i>*39.01%</i>

TABLE IV—Continued

CLASSIFIED DISBURSEMENTS OF THE STATE OF MINNESOTA FOR
THE FISCAL YEARS 1907 TO 1910 INCLUSIVEShowing Absolute and Relative Disbursements for Different Purposes and Relative
Annual Changes

Purpose of Expenditure	1907	1908	1909	1910
State lands, timber and other natural resources—				
Salaries (land department, au- ditor's office).....	\$7,304	\$8,220	\$8,268	\$9,120
Drainage of state lands.....	11,633	9,468	17,972	8,787
Forest preservation and fire warden service.....	7,108	10,961	32,121	26,724
State fire marshall.....	4,157	6,291	6,304	6,277
State forestry board.....	5,182	6,168	13,448	9,078
Game and fish commission....	67,261	63,367	65,644	70,738
Fish hatcheries.....	11,612	16,633	14,452	20,681
State parks.....	7,767	7,313	48,914	14,857
Miscellaneous.....	38,199	67,641	58,945	56,161
Total.....	\$160,223	\$196,080	\$266,068	\$222,423
<i>Proportion of grand total.....</i>	<i>1.50%</i>	<i>1.69%</i>	<i>2.07%</i>	<i>1.69%</i>
<i>Change from previous year.....</i>		<i>22.39%</i>	<i>35.68%</i>	<i>*16.95%</i>
Publicity and research—				
Bureau of immigration.....		\$12,500	\$22,373	\$20,127
Semi-public societies and asso- ciations.....	59,664	63,852	60,382	64,547
State agricultural society, (State Fair).....	29,000	104,141	53,000	204,744
Total.....	\$88,664	\$180,493	\$135,755	\$289,418
<i>Proportion of grand total.....</i>	<i>.83%</i>	<i>1.51%</i>	<i>1.05%</i>	<i>2.20%</i>
<i>Change from previous year.....</i>		<i>*79.64%</i>	<i>*24.76%</i>	<i>113.25%</i>
Libraries—				
State librarian and law library..	10,896	11,594	10,780	12,663
Library commission and trav- eling libraries.....	7,500	12,229	12,401	12,871
Public school libraries.....	30,682	24,318	27,991	22,504
Total.....	\$49,078	\$48,141	\$51,172	\$48,038
<i>Proportion of grand total.....</i>	<i>.46%</i>	<i>.41%</i>	<i>.40%</i>	<i>.36%</i>
<i>Change from previous year.....</i>		<i>*1.90%</i>	<i>6.32%</i>	<i>*6.16%</i>
Miscellaneous expenditures—				
Printing, advertising and bdg..	\$119,283	\$42,816	\$113,835	\$46,232
Insurance.....		85,498	3,708	3,579
Memorials.....	22,723	5,574	18,496	14,598
Collections fees.....	521	2,093	4,331	5,959
Refunds and reimbursements..	14,523	2,024	15,300	3,370
Vessel tonnage tax paid to counties (one-half).....	7,995	8,088	8,160	8,626
Unclassified.....	58,331	13,151	12,173	4,890
Total.....	\$223,376	\$159,244	\$176,003	\$87,254
<i>Proportion of grand total.....</i>	<i>2.09%</i>	<i>1.34%</i>	<i>1.37%</i>	<i>.66%</i>
<i>Change from previous year.....</i>		<i>*33.10%</i>	<i>10.55%</i>	<i>*50.72%</i>

TABLE IV—Continued

CLASSIFIED DISBURSEMENTS OF THE STATE OF MINNESOTA FOR
THE FISCAL YEARS 1907 TO 1910 INCLUSIVEShowing Absolute and Relative Disbursements for Different Purposes and Relative
Annual Changes

	1907	1908	1909	1910
GRAND TOTAL	\$10,688,004	\$11,917,487	\$12,827,565	\$13,145,785
<i>Change from previous year</i>		11.52%	7.64%	2.48%
Deductions—				
Non-expense items—				
Investments.....	\$1,664,425	\$1,480,118	\$1,383,010	\$1,654,443
Principal paid on notes and bonds.....	172,750	182,208	269,320	143,468
Cost of materials in prison twine plant.....	1,005,496	948,362	901,558	845,457
Transfers to counties and municipalities—				
For public schools.....	1,933,651	2,513,938	2,336,827	2,799,955
For roads and bridges.....	207,097	157,787	239,250	844,528
Aid to fire companies.....	107,912	115,578	118,635	122,011
County share of vessel tax...	7,995	8,088	8,160	8,626
Total	\$5,099,326	\$5,406,079	\$5,258,760	\$5,618,488
<i>Proportion of grand total</i>	47.71%	45.36%	40.98%	42.74%
<i>Change from previous year</i>		6.03%	*2.75%	6.88%
Net total expenditures⁴	\$5,588,678	\$6,511,408	\$7,570,805	\$7,527,297
<i>Proportion of grand total</i>	52.29%	54.64%	59.02%	56.70%
<i>Change from previous year</i>		16.56%	16.27%	*.59%

¹January 31, 1909, state board of equalization discontinued and superseded by tax commission.

²Figures are for gross disbursements and include amounts due revolving fund for cost of raw materials at twine plant.

³Deductions for reimbursement of revolving fund show amount *net expenditures* of institutions to be as follows:

	1907	1908	1909	1910
Net expenditures for institutions.....	\$1,893,225	\$2,101,700	\$2,264,146	\$2,397,235
Proportion of total net expenditures.....	33.88%	32.27%	29.90%	31.85%

⁴See note 4, page 238.

McLeod.....	121,101	1,290	18,404	1,000	141,795	19,304	17,360	2,368	566	39,598	181,393
Maunomon.....	384	40	1,107	600	33,331	2,640	.....	297	.....	2,937	36,268
Marshall.....	187,549	449	20,212	1,500	209,710	10,471	16,200	646	360	27,677	237,387
Martin.....	192,401	1,276	19,326	500	213,503	23,380	17,350	573	318	41,820	255,323
Meeker.....	112,987	519	17,101	900	131,507	8,058	13,700	1,127	398	23,283	154,790
Miller Lacs.....	77,945	3,248	12,578	1,200	94,971	6,729	8,700	230	470	16,129	111,100
Morrison.....	158,404	1,704	30,297	1,000	191,405	30,752	21,700	2,526	835	55,913	247,318
Murray.....	149,899	2,562	22,270	370	175,101	44,203	12,700	43,000	829	109,732	284,833
Murray.....	105,534	626	12,833	500	119,493	12,343	12,700	1,188	216	26,453	145,946
Nicollet.....	94,351	778	13,054	1,000	109,183	14,224	9,000	16,561	352	40,137	149,320
Nobles.....	142,985	784	15,308	700	159,776	23,831	16,300	1,517	390	42,038	201,814
Norman.....	135,078	796	15,979	500	152,353	10,799	.....	72	332	11,203	163,556
Olmsd.....	171,319	3,047	20,820	1,500	196,686	76,274	6,000	148	778	83,200	279,886
Orter Tail.....	265,541	6,780	48,696	1,500	322,517	36,329	34,350	36,884	1,084	108,647	431,164
Pine.....	177,937	3,424	20,462	1,000	202,823	8,921	12,500	1,097	303	22,564	225,614
Pike.....	98,970	296	11,990	1,500	112,256	25,279	8,500	629	303	34,711	146,967
Pike.....	335,591	8,088	39,323	1,500	384,502	109,435	49,002	11,128	1,637	171,222	555,724
Pope.....	88,007	2,327	13,279	370	103,983	8,953	7,000	380	241	16,574	120,557
Ramsay.....	1,455,700	38,013	142,409	1,500	1,637,622	214,875	408,500	1,680,084	21,192	4,258,531	5,896,153
Red Lake.....	142,518	2,529	18,620	1,000	164,667	15,682	19,500	22,527	551	57,960	222,627
Redwood.....	192,175	1,008	22,226	1,000	216,409	17,065	19,850	12,378	577	49,870	266,279
Renville.....	145,769	2,457	25,661	700	172,587	25,054	22,550	5,881	719	54,204	226,791
Rice.....	141,313	2,016	23,153	1,000	167,482	56,693	20,200	20,421	1,295	98,609	266,091
Rock.....	119,025	1,534	14,133	370	131,763	12,829	10,000	308	308	24,136	155,899
Roseau.....	95,482	1,716	12,681	1,500	111,379	5,138	5,510	723	258	11,629	123,008
St. Louis.....	2,409,687	36,501	118,849	1,500	2,566,837	1,410,927	389,617	701,524	18,645	2,500,743	5,067,580
Scott.....	80,729	2,014	13,053	1,800	96,627	9,782	23,000	14,670	411	47,872	144,399
Sherburne.....	63,204	449	7,438	1,000	74,091	3,881	12,800	188	160	7,026	81,120
Sibley.....	109,037	223	15,602	1,500	125,362	8,027	12,500	289	389	22,355	138,517
Stearns.....	262,542	5,918	49,461	1,500	319,421	85,466	53,540	20,158	1,345	160,709	480,130
Steele.....	109,815	172	17,209	1,000	128,196	23,584	10,000	6,258	601	45,466	173,662
Stevens.....	94,201	716	9,780	800	105,497	11,998	12,000	30,325	309	39,801	136,022
Swift.....	94,879	1,046	13,745	900	110,570	16,245	22,330	814	412	39,801	130,371
Todd.....	164,489	362	26,632	370	191,853	21,935	18,800	403	548	41,687	233,540
Traverse.....	80,816	322	9,192	1,200	91,539	15,619	7,800	286	332	24,037	115,567
Wabasha.....	140,910	2,902	18,547	1,200	163,559	19,475	21,500	740	712	42,437	205,986
Wadena.....	68,701	930	9,227	700	78,862	5,447	4,020	173	223	9,863	88,725
Waseca.....	93,136	1,859	13,451	900	109,346	17,070	14,400	562	409	32,441	141,787
Washington.....	165,254	4,761	23,216	1,000	194,231	63,437	31,000	10,025	1,885	106,347	300,578
Watsonwan.....	104,302	317	11,147	700	116,466	13,969	12,550	419	392	27,330	143,796
Wilkin.....	121,887	1,791	27,758	370	133,623	9,948	6,700	833	340	17,821	151,444
Winona.....	210,283	7,743	27,758	1,500	240,284	125,118	55,300	37,143	2,332	219,893	460,177
Wright.....	158,790	3,107	30,493	800	193,190	13,565	24,525	2,948	516	41,554	234,744
Yellow Medicine.....	123,742	1,674	16,042	370	141,828	13,334	9,700	606	439	24,079	165,907
Correction for delinquent municipal reports.....	.....	.....	.....	.....	.....	.....	41,752	62,406	.....	104,158	104,158
Total.....	\$17,429,708	\$208,478	\$1,894,479	\$74,090	\$19,606,755	\$9,739,405	\$2,564,518	\$3,833,154	\$122,011	\$16,259,088	\$35,865,843
Proportion of grand total	48.60%	58%	5.28%	21%	54.67%	27.15%	7.15%	10.69%	34%	45.33%	100.00%
Per capita.....	\$7.78	\$9.09	\$8.55	\$0.03	\$8.75	\$4.36	\$1.14	\$1.71	\$0.05	\$7.26	\$16.01

¹Tax receipts are estimated from the equalized tax levy of the previous year. The amount of each tax levy is normally collectible during the succeeding year.

²Does not include 10% of liquor licenses to be paid to counties for roads and bridges as provided in Chapter 450, Section 1, LAWS of 1909, taking effect January 1, 1910.

³Includes only actual expenditures for roads and bridges. ⁴Estimated.

ANALYSIS OF TABLES

Revenues and Expenditures of the United States.

Table I presents, in the most intelligible form possible from available data, the receipts of the United States classified with regard to sources. The method of tabulation does not depart radically from the summaries as presented in the treasurer's report. An attempt has been made, however, to eliminate those receipts which do not contribute to funds to be expended in support of *current* government, or which are derived from other than *public* sources. Among such items are receipts from the issue of bonds and certificates of indebtedness, and treasury deposits of lawful money by national banks to the value of five per cent of their circulating notes outstanding.

Postal receipts are considered to be a bona fide payment for public service and are, therefore, included among governmental costs.

The short period covered by the table offers little opportunity for measurement of change. The increase of over 5 per cent in customs duties is noticeable, and the proportion which customs duties bear to total receipts (34 per cent) emphasizes the importance of the tariff as a source of national revenue. The decrease of nearly 3 per cent in internal revenue is a possible symptom of decreasing traffic in spirituous liquors. In the face of an increase of nearly 2 per cent in net revenues, the annual treasury deficit advanced from 20 millions to nearly 59 millions—an eloquent commentary on the increasing cost of national government. Contrary to general opinion, the postal service is not responsible for the major portion of the financial deficit. During the year 1909 the actual postal deficit was \$21,589,595, about 37 per cent of the entire deficit.

Noteworthy changes among federal disbursements, as indicated in table II, are proportional increases in the cost of the military establishment, of the public debt and of the postal service; and decreasing proportionate costs of the civil establishment, the naval establishment and pensions. Total net expenditures for 1909 show an increase of 6.2 per cent for the year—probably three times the concurrent increase in population and perhaps twice the increase in prices of labor and commodities. It appears, therefore, that the increase in expense of federal government is a normal result of increased population and prices. This conclusion is further supported by the observation that the pay departments of the army and navy advanced in annual expenditures by 27.3 per cent and 15.2 per cent,

respectively, and substantial advances are likewise ascribed to subsistence, equipment and ordnance. A notable increase appears in expenditures of the military establishment for purposes having values for reasons other than national defense. Expenditures for harbors and rivers were increased by 14.1 per cent, and those for engineering by 19.8 per cent.

Finally, it may be observed that the sale of public lands, as a source of revenue, is rapidly declining.

For a tabulated statement of the receipts and disbursements of the United States, see tables I and II, pages 243 to 245 inclusive.

Revenues and Expenditures of the State of Minnesota

The incidence of state revenues has been radically changed during recent years. While complete separation of state and local taxation has not been attained in Minnesota, a decreasing rate of property tax for state purposes and a contemporary increase in the state's income from other sources is apparent. The falling proportion of property taxes to total receipts during the past year (from 28.14 per cent to 21.97 per cent) is indeed significant, and indications are that the decrease will continue for a number of years. It is also worthy of note that the state returns to local units, as aid to counties and municipalities, a considerable proportion of the amount collected in property taxes.

In contrast to decreasing receipts from taxes on real estate and personal property, the tables show marked increases in the proceeds of special taxes and in revenues from state-owned natural resources. Although the latter item is not yet a large factor of revenue, it is one of promise and is particularly significant of a prudential state land policy, in that receipts from mineral leases and royalties on iron ores are rapidly superseding sales of land and timber.

Among special taxes, the average annual increase of approximately 17 per cent is traceable to payments into the treasury of the gross earnings taxes now levied against railroads, telephone companies and sleeping car and express companies. Inheritance taxes and mortgage registry fees show a marked increase of revenue from sources practically exempt five years ago. The increase in revenue from inheritances, averaging 165 per cent annually over a period of three years, is especially significant.

Despite a marked advance in receipts from state licenses for 1907 and 1908, the past year shows a decline of 7.59 per cent in the total of this class of receipts. Since motor vehicle licenses have

increased in amount from \$13,014 to \$22,242, for the year, and hunters' licenses have not materially changed, the deficit is due to a decreased payment to the state on account of its 2 per cent share in municipal receipts from liquor licenses. Receipts from this source have fallen from \$67,201 to \$53,754—approximately 20 per cent. An examination of the reported sources of revenues from cities and villages of the state reveals a decrease of 31 in the total number of municipalities licensing the sale of liquor, which corresponds to an increase of 23.1 per cent in the ranks of the prohibition towns.

The increase of 13.36 per cent, for 1910, in departmental earnings, although remarkable in amount, is largely offset by coextensive expenditures on the part of the respective departments. The fact that services rendered by state departments are in such demand as to command commercial returns sufficient to carry the cost of their administration is evidence of the beneficent character of such state functions as are represented by grain inspection, the work of the dairy and food commission and related state activities in behalf of public welfare.

Among the earnings of institutions, the industrial earnings of the state prison command attention. Eliminating the cost of materials from the prison receipts, the annual earnings, mainly on account of the binder-twine plant, average \$331,793.

The permanent trust funds of Minnesota, subject to investment for the support of public education and for purposes of internal improvement, constitute a remarkable feature of the state's fiscal system. These funds are being rapidly augmented by receipts from natural resources held as the property of the state, and the proceeds of their investment constitute a perpetual patrimony—a just and logical recognition of the claims of future generations upon the original and natural wealth of the state.

The principal of these funds, which aggregates \$24,444,223,* is invested mainly in municipal and county bonds issued for purposes of local permanent improvements, and the annual interest, amounting in 1910 to \$883,832, is distributed among the free public schools and the state university, and funds for the reclamation of swamp lands, and the improvement of highways.

The average annual increase in net revenues of the state over the period of the investigation is 9.73 per cent. The average annual increase in population is probably about 2 per cent. This factor,

*Of this amount, \$6,854,716 is outstanding on interest bearing land contracts.

coupled with an annual increase of probably 5 per cent in the market value of goods and services, would seem to justify an increased revenue approximating the figures shown without an implication of increasing extravagance of the state government. For a tabulated statement of the receipts of the state of Minnesota, see tables III and V, pages 246 and 254.

The first feature of significance revealed by table IV is a noticeable decline in the relative cost of the purely administrative functions of the state government. The average annual increase is only 5.73 per cent over a period of four years, and there is reason to assume that the extension of administrative functions is somewhat in excess of this figure.

The cost of the judicial and legal departments has advanced at an annual rate of 11.7 per cent, which, in view of the comparatively low proportion of total expenditures which they represent, would seem to indicate a logical recognition of the relative importance of the district courts.

An average annual increase of over 15 per cent in expenditures for educational purposes is distributed among the state university, the primary and secondary schools, the normal schools and the high schools; with the primary, secondary and high schools enjoying the larger proportion of the increment. Just what interpretation should be placed upon such an increase in expenditures for educational purposes—whether public extravagance or social economy—is properly a matter of personal opinion.

The uniform and fairly proportional increase of expenditure for charities and corrections, approximating 5.75 per cent, together with the fact that such expenditures represent over 30 per cent of the net expenditures of the state, seems to indicate a mature development of and a comparatively adequate provision for such institutions. Expenditures for public health and general welfare indicate a relative expansion of the functions and facilities of the labor bureau, the state board of health, the dairy and food commission and the grain inspection service.

The addition of a banking department to the state machinery for the protection of private interests, an increased expenditure in aid to local fire companies, and also for oil inspection, account for an average annual increase of about 12 per cent in costs of protection of life and property.

The reclamation possibilities of Minnesota and the question of public highways have not yet been made the subject of any estab-

lished policy; consequently, expenditures for such purposes have been irregular and, on the whole, insignificant in comparison with those of other and older states.

Among the fourteen divisions of state expenditure, it appears that the departments evidencing most vigorous growth are education, the judiciary, legislation, state lands, timber and other resources, and publicity and research; administration, public health and general welfare expenditures have decreased, relatively, and all other classes have remained about stable. For a tabulated statement of the disbursements of the state of Minnesota, see table IV, pages 249 to 253 inclusive.

During the period of four years, the net revenue of the state, as shown in the table, amounts to \$42,873,627. It appears, however, that \$1,432,726 there enumerated as general taxes has not been collected as such by the state treasury; the true revenue is therefore reduced to \$41,440,901. Of this amount, \$27,198,188 has been expended for state purposes, as indicated by net expenditures in table IV, and \$10,729,986 has been transferred to the counties and municipalities for specified purposes; the net surplus remaining to the state above costs of current government, as a result of the four years' financial operations, amounts to \$3,512,727—an average annual surplus of \$878,182. Of this amount \$767,746 has been paid on the principal of the state debt, and a part has been credited to the permanent trust funds of the state.

The Cost of Local Government

The measurement of cost of local government under conditions prevailing in Minnesota is a problem which permits of only approximate solution. Counties, townships and school districts, considered collectively, gather funds from property taxes, from various forms of local licenses, fines, fees, sales, etc., and from the treasury of the state in the distribution of certain educational and highway funds. In like manner, the municipalities collect funds from taxes—both general and special—from liquor licenses, from fines, fees, etc., and from the state by way of aid to fire protection. Records of tax levies and of state apportionments for local purposes are available in the office of the state auditor. All other local revenues go unclassified and unrecorded save by the local accounting offices; consequently, data pertaining thereto are obtainable only by corresponding with the officials of 85 counties and over 650 cities and villages.

In spite of the arrangement of an extremely simple schedule for the reporting of county and municipal revenues other than taxes, much confusion and doubtless considerable error resulted. The schedule called for annual revenues for two years from sources classified as: (1) liquor licenses; (2) other licenses; (3) fines; (4) fees; (5) miscellaneous. In the majority of cases liquor licenses were reported without deducting the 2 per cent which is payable to the state for the hospital for the inebriates and is therefore not a municipal revenue. In about half of the reports, no distinction could be made between fines and fees, and several reporting officials entered "dog tax" as an addendum. The majority of village recorders were unable to submit records for more than one year preceding. There is no doubt but that fees aggregating a large amount are not recorded or reported by officials entitled to retain them and there appears to be a significant absence of interest on bank balances among miscellaneous items. The reduction of the totals, because of the absence of such items, although a factor of inaccuracy from the standpoint of the accountant, is probably offset by the excess of the tax levy over the amount of taxes actually collected. For statistical purposes, where only totals and averages are used as a basis of deduction, the probable error resulting from such inaccuracies is negligible. With a few possible exceptions, the counties of Minnesota are without any adequate method of checking the amount of taxes collected against the amount of taxes levied. Because of the absence of a tax levy account, abatements, delinquent taxes and tax sales are not properly classified and recorded and the actual relation of tax receipts to tax levies is not known, and the exact balancing of tax accounts as between county and state seems impossible.

Because of the enforced absence of detail in classification and contrast of years local revenues are subject to only superficial analysis. The totals and averages of table V reveal significant average per capita costs of county and municipal government of \$8.75 and \$7.26, respectively. It appears that the general taxes (not including special assessments) bear nearly 76 per cent of the entire local burden; liquor licenses contribute 7.15 per cent of the aggregate local revenues, or 15.8 per cent of all municipal funds.

It is implied above that the chief value of statistical tables lies in the significant relations of contrast and correlation which they show. Such figures as can be compiled at this time concerning the financial status of the local governments of Minnesota are com-

paratively barren because of the absence of data showing *relativity*. If table V could be supplemented by an accurate census of the population by counties, interesting deductions might be made as to the relative economy of the county governments and the progressive relation between costs of local government and density of population. Again, if the methods of statistical measurement here applied for a single year were extended over a period of several years, the chronological play of the laws of cause and effect would be so recorded as to reveal facts of vital importance resulting from changing conditions and policies. Finally, if revenues, as classified by sources, could be placed in contrast with expenditures, classified with regard to object, the result would supply a valuable basis of confirmation or of reconstruction of financial policy. It would be interesting, for example, to compare revenues from liquor licenses with contemporary expenditures for charity and police; or to correlate the accumulated expenditures for highway improvements with changing real estate values. Such facts and relations should be represented in standardized form and made matters of general knowledge. Annual tables compiled from complete and reliable data and published officially constitute the only method of such public education.

The only way in which the difficulties which have been enumerated in this attempt to analyze the costs of local government may be removed is to bring about uniform systems of county and municipal accounting. Much has been done in other states in this direction. A brief review of recent progress in municipal accounting appears in chapter XXIII. The movement for uniformity in county accounts have not been as rapid and perhaps not as imperative as in city affairs.

Ohio has taken the lead in the organization of county bookkeeping, and, if reports are trustworthy, results of an experience of only three years fully justify the change and additional expense. In Ohio a state bureau of inspection and supervision is maintained, the duty of which is to install an adequate system of accounting in all counties and to supervise and annually inspect the bookkeeping of every taxing body in the state. The result has been not only a standard and scientific scheme of public account throughout the state, and between the county and state governments, but on the whole a simplified and cheapened process for each county. Not the least of the advantages of the Ohio plan resides in the fact that inexperienced county officials are carefully trained and directed in their work by experts employed by the state.

METHOD

In any statistical study, the method adopted should be an expeditious adaptation of statistical materials and facilities available to a logical process of measurement and estimation. The object to be attained, in any case, is such a descriptive classification and mathematical synthesis of measurable factors as will reveal pertinent facts. Consequently, the principles of method and the minutiae of representation are largely determined by the nature of sources and by the form in which results should be presented to be most significant and useful.

The ideal statistical treatment of the cost of government should represent the following absolute and relative truths:

First—A true balance sheet of the assets and liabilities of the conventional civil units.

Second—A statement of the annual net revenues and expenditures, respectively classified with regard to source and object, and in such a way as can be understood by the non-technical reader.

Third—An approximate statement of the incidence of public burdens, as among industries and as among the pecuniary classes of the population.

Fourth—An estimate of the distribution of the public service benefits among economic classes.

Fifth—A tabulated and graphical comparison and correlation of specific results with similarly qualified data appertaining to former periods and to other governments.

Sixth—The derivation and statement of laws of change and relativity applying, respectively, to individual and to cognate phenomena.

How far the results of this summary of governmental costs fall short of the ideal outlined above, or of the standard which should reasonably be expected in the way of official statistics by the citizens of a progressive government, is quite apparent. The limitations which have been met because of scarcity and inaccuracy of informational data have been mentioned. To plan, organize and conclude a statistical treatment of the cost of government within a period of four months implies considerable restriction as to detail of presentation and historical extension. The scarcity of mathematical criteria of conditions of wealth, income and welfare, and indeed, of coextensive and correlated phenomena of any kind, confine comparative deductions to a narrow range.

As elsewhere indicated, the sole sources of information concerning federal and state finances are respective records of the United States treasury department and of the state treasurer and auditor of Minnesota. All information concerning taxes, licenses and indirect disbursements pertaining to local government in which the state government is in any way involved, was for the purposes of this study deduced from the records of the auditor and the treasurer of the state.

In contemplating the selection of a basis for the measurement of costs of local government it was apparent at the beginning that complete or significantly classified records of expenditures of the local governments could not be obtained with the facilities or within the time available for the investigation. It was therefore necessary to rely upon such records of revenues as could be obtained from local officials, requiring the officials to indicate a simple classification of revenues, and assuming that, generally speaking, local revenues are concurrently expended.

Since the primary fact desired is a measure of the cost of *current* government, permanent improvements and additions pertaining to governmental "plant" are theoretically eliminated by excluding proceeds of bond sales from the revenue tables on the principle that, as a rule, permanent improvements are financed by bond issues. The elimination of funding receipts from the costs of current government is justified on the recognized principle of public finance that the cost of public utilities should be distributed over the period of their enjoyment. It is therefore concluded that annual interest charges and periodical appropriations to sinking funds designed for the ultimate redemption of loan principals are the only present costs in any way related to improvements or to bond issues.

In order to secure the required data pertaining to expenditures of local units, schedules calling for a statement of revenues over a period of two years were mailed to the accounting officer of each of the 85 counties and 700 cities and villages. The general nature of these reports has been briefly characterized above. Suffice it to say further that by eliminating some because of obvious inaccuracies, and by correcting many through further inquiry or by checking against miscellaneous records from other sources, all counties and 615 cities and villages were admitted to the tables, which were made to cover only one year. The fiscal periods considered are not quite identical, as among different municipalities. This is partially due to the fact that there is no uniformity among municipalities as to

fiscal years, and when two years were recorded on the returns there was frequent occasion to exercise a choice for the sake of greater accuracy or to take an average of the two years as a more representative figure.

A correction is inserted in the totals pertaining to municipal government to cover the probable costs of administering municipalities not reporting. The estimate is made upon the basis of their proportional share of the urban population of the state, as shown by the census of 1905, and amounts to an increase of less than 1.7 per cent.

The classification of receipts and disbursements of the United States is not satisfactorily indicative of the sources and objects involved. The treasury tabulation was used, primarily, because time prohibited a retabulation of the classified items; but at best any reconstruction of the published figures of the government would afford little descriptive information of real worth. An effort was made to separate the postal account from those of the civil establishment and the treasury department so as to reveal the actual postal deficit in contrast with the total fiscal deficit.

The lack of uniformity of fiscal years appears again as between the nation and the state and between the state and counties, so that any given year, as indicated in the tables, may vary chronologically with regard to different governmental units by as much as six months.

The eight divisions of state receipts and the fourteen divisions of state disbursements are selected without reference to any other known classification. It is possible that the classification used is not adaptable to other states and therefore not subject to standardization. Under existing conditions in Minnesota its qualitative character seems adequate for the present, and the divisions are so drawn as to admit of much extension.

Finally, it is to be emphasized that non-revenue and non-expenditure items have been consistently eliminated from book receipts and disbursements. The one exception relates to tax levies carried on the state's books as due and uncollected from the counties. It is probable that a defective accounting system is responsible for this apparent discrepancy. Among such non-revenue items as have been omitted, and because of which there is a difference between the net balances here shown and book balances pertaining to the same subjects, are balances brought forward from previous years,

transfers from various funds, payments to the state on the principal of various loans and land contracts, that part of the gross proceeds of sales of prison-made binder twine equivalent to the cost of raw materials used in its manufacture, and the receipts from the sale of the state's bonds and certificates of indebtedness. Among non-expenditure items are transfers to various funds, appropriations of state funds to counties and municipalities, cost of materials at the prison twine plant and payments on the principal of the state debt.

CHAPTER XXIII

ANALYSIS OF MUNICIPAL RECEIPTS AND DISBURSEMENTS

By Ralph H. Hess

INTRODUCTION

The growing importance of the subject of municipal finance first commanded general attention about ten years ago. When the results of the census of 1900 were made known, interest was at once increased in the expanding importance of municipal affairs and an extended study of matters pertaining to city revenues and expenditures was inaugurated which has finally resulted in a widespread movement for the reorganization of financial departments of city government.

The census of 1900 revealed a change, during a period of fifty years, in the proportion of city dwellers to total population, from 12.5 per cent to 31.1 per cent.¹ Between 1890 and 1900, cities of over 8,000 population increased by 37 per cent, and all cities above 4,000 population advanced by 36.5 per cent—about 2.6 times as fast as country districts.² Within five years, from 1900 to 1905, the interdecennial censuses of thirteen states show an average advance of city over rural population of 2.8 per cent, and of 3.6 per cent for the state of Minnesota.³

Advance reports of the census enumeration of 1910 show an average growth of forty-five cities having a population of 100,000 or over of more than 30 per cent in the last ten years; for eighteen western and middle-western cities, the increase is 37 per cent; for St. Paul, the figure is 31.7 per cent, and for Minneapolis, 48.7 per cent. The total population of the state of Minnesota has increased during the last decade by 18.5 per cent; the aggregate population of the three largest cities of the state has grown during the same period 41.9 per cent, and the remainder of the state has increased by only

¹Twelfth Census, vol. 1, table 29.

²U. S. Census Bulletin, No. 4, tables 22 and 23.

³U. S. Census Bulletin, No. 71, table 5.

11.1 per cent—showing an advance of city over rural population of 30.8 per cent.

It is a rule of experience that the costs of city governments increase even more rapidly than the respective populations. Some contend that this ought not be true—that, theoretically, city government should be supplied, as are most other *services* and *commodities*, at a cost which decreases per unit in proportion to the size of plant and the volume of output. Although this contention seems to have little statistical support, yet when supplemented, as it is, by a knowledge of wide variations in the current costs of administering American cities of like size and conditions it affords grounds for popular skepticism as to the beneficence of prevailing practices of municipal economy. The further consideration that city governments are collecting and disbursing a constantly increasing proportion of all public funds, and are of necessity assuming a corresponding responsibility for public welfare, emphasizes the need of extension in systems of municipal finance and in means of informing the public with regard to such affairs. The actual demand for such improvement and information is daily apparent. The conduct of municipal finance and the records upon which the public is dependent for a knowledge of the same are among the least satisfactory features of the prevailing type of municipal organization.

In 1894, the National Municipal League was organized for the purpose of improving municipal government by the investigation and publicity of conditions and details of city administration. Some years later, proceeding on the principle that scientific and uniform accounting methods will supply the only basis of adequate financial analysis and comparison, the league published a report outlining and recommending a system of uniform municipal accounting.

Ten years ago no city in the United States had a system of financial records so designed as to represent, with regard to informational and comparative values, the conditions and administration of its exchequer. In 1901 Newton, Massachusetts, took the lead and published a report of its finances in conformity with the classification of receipts and expenditures recommended by the national municipal league. The advantages of such information were thereby demonstrated. Baltimore tried the plan the next year, and was followed, in rapid succession, by Chicago and several Massachusetts cities. The state of Ohio passed a uniform accounting law, for counties and municipalities, and at once seventy cities in that state

adopted a uniform system of accounting and published an annual descriptive schedule of their financial operations. Massachusetts, after a four years' campaign of education, passed a uniform accounting law for municipalities in 1906 and established a state department for the compilation, analysis and publication of municipal statistics. In response to persistent public opinion, New York City recently brought its accounting system to conform to the uniform schedule. Minneapolis is the first of the western cities to move into line, and coincident with the preparation of this report, Mr. H. A. Stuart, city statistician, has prepared and published a tentative adaptation of the city's financial records to the new system.

Since 1903, the permanent bureau of the United States census has been required by congress to secure and publish statistics from all cities of the country. In so doing it has improved and standardized the schedules initiated by the national municipal league. The work of the census bureau, however, has its chief virtue in the promotion of the movement for better municipal accounting rather than in the presentation of accurate data; and, indeed, the gathering of this data will continue of little avail until the cities themselves so qualify their records of receipts and disbursements as to adapt them to an accurate classification.

A few years ago there was little demand for information concerning the public account, except on the part of students of political economy, and strangely enough, the science of economics enjoyed but little recognition in the councils of municipal policy. Now things are changed. The expansion of public functions and the multiplication of administrative agencies give public records a real and general value which is rapidly developing into an absolute necessity. The co-relation of commissions, departments, and bureaus, and the increasing co-operation between local, state, and national administrative units, give technical uniformity in such records a particular value for purely official purposes. In the face of rapidly increasing taxes and other public charges, people are becoming inquisitive as to what *their* money is being spent for. With increasing expansion and competition in certain departments of industry, promoters are everywhere inquiring as to relative costs of government among possible seats of business enterprise, and more important than all else is a knowledge of actual distribution of the burdens and of the benefits of city expenditures among social and economic classes of the population.

It is the purpose of this report to subject available records of the financial operations of the cities of Minnesota for the past year to classification and analysis. This has been done as nearly as possible in conformity with the standard plan of representation mentioned above. An exact classification in accord with the uniform schedule is not possible. The chief digression involves the elimination of educational expenditures because of overlapping municipal and school district boundaries and the consequent difficulty of assigning joint costs. Furthermore, the details of receipts and expenditures, as available, necessitate their classification in a more or less perfunctory manner. It is believed, however, that the figures here presented are sufficiently complete and accurate to establish certain facts of value for both official and public use. The chief aim of this report is to illustrate and indicate the possible benefits to be derived from a uniform and permanent system of measurement, analysis and comparison of city finances.

SUMMARY OF RESULTS

Expenditures

A summary of the expenditures of twenty-three cities in Minnesota, each having an estimated population of 5,000 or more, shows an average cost of current government of \$10.93 per person. The cities represented have an aggregate population of over 770,000 and their "running expenses" for the year are estimated to be \$8,418,838. In addition to this amount, \$3,886,266—an average of \$5.05 per capita—was expended for permanent improvements and additions. The latter amount is not here considered to be a part of the cost of current government, for the reason that the benefits of such outlays are mainly to be realized in the future, and, being usually financed through the medium of a funded debt, payment is likewise distributed over a period of years.

Among the classified expenditures represented by table A, the major item of public cost is protection of life and property, as exercised by the fire and police service and the municipal courts. The average per capita cost of this class of service is \$2.71, varying from 37 cents in Owatonna to \$3.18 in Duluth, and amounting in the aggregate to 24.78 per cent of all city expenses.

Expenditures for highways account for 20.02 per cent of all operating city costs and 25.48 per cent of all outlays for improvements. The dense traffic of larger cities necessarily incurs a heavy

maintenance cost for highways. St. Paul expends the maximum, \$2.73 per capita, and Austin reaches the minimum of 32 cents. It is noteworthy that Minneapolis spent during the year nearly \$2.00 for each inhabitant for street extensions and improvements, and that St. Paul, Duluth, Albert Lea and Moorhead each spent approximately \$1.00 per capita for the same purpose.

Payment of interest on public debt and credit to sinking funds for the retirement of bonds is relatively third in the list of public costs. Among young and growing cities, such as those of Minnesota, public debts accumulate rapidly and interest charges constitute an item of going costs which may be expected to multiply even more rapidly than population and wealth. The pay-as-you-go principle does not operate in municipal finance except as to current administration and services. Permanent improvements are properly financed by the issue of bonds to be retired in series, or by the accumulation of sinking funds over a period approximating the life of the improvement. Experience of eastern cities would imply that Minnesota has considerable leeway in the matter of debt accumulation. At the present time, Massachusetts cities are carrying three times our per capita burden of municipal debt and twice our funded debt lien upon property values.

The support of municipal industries occupies fourth place among city costs with expenditures amounting to 10.25 per cent of the total. Among the twenty-three cities included in the tables, twenty own and operate their own water plants and nine administer their lighting establishments. An unusual number of smaller cities and villages of Minnesota are likewise supplying their own "utilities."

Among other classes of expenditures, general administration accounts for 7.25 per cent, health and sanitation takes 6.34 per cent, and recreation 3.64 per cent of the total.

Among the expenditures for additions and improvements, provisions for recreation are conspicuous. This item alone amounts to 28.31 per cent of all improvement outlays. This figure, however, is not representative of the policy of the twenty-three cities, as a group, nor would it be so great if calculated as an average over a number of years. The total expenditure for this purpose was \$1,100,329, of which Minneapolis alone contributed \$1,044,364, mainly for public parks and parkways. Of other objects of investment, highways and bridges command 25.48 per cent of the total, health and sanitation 20.62 per cent, and extension of municipal industry 17.34 per cent.

TABLE A

Summary of Classified Expenditures of Twenty-three Cities of Minnesota,
for Fiscal Year Ending July 31, 1910, or Date Nearest Preceding

(Includes all purposes of public interest except education and principal
of public debt)

Purpose of Expenditure	For Maintenance and Interest	For Additions and Improvements	Totals
General administration	\$611,108	\$16,889	\$627,997
<i>Proportion of total¹</i>	<i>7.25%</i>	<i>.43%</i>	<i>5.10%</i>
Protection of life and property	2,085,978	247,350	2,333,328
<i>Proportion of total</i>	<i>24.78%</i>	<i>6.37%</i>	<i>18.96%</i>
Health and sanitation	533,691	801,388	1,335,079
<i>Proportion of total</i>	<i>6.34%</i>	<i>20.62%</i>	<i>10.85%</i>
Highways and bridges	1,685,509	990,351	2,675,860
<i>Proportion of total</i>	<i>20.02%</i>	<i>25.48%</i>	<i>21.75%</i>
Charities and corrections	277,055	37,958	315,013
<i>Proportion of total</i>	<i>3.20%</i>	<i>.98%</i>	<i>2.56%</i>
Libraries and reading rooms	184,984	18,303	203,287
<i>Proportion of total</i>	<i>2.20%</i>	<i>.47%</i>	<i>1.65%</i>
Recreation and civic beauty	306,444	1,100,329	1,406,773
<i>Proportion of total</i>	<i>3.64%</i>	<i>28.31%</i>	<i>11.43%</i>
Municipal industries	862,725	673,698	1,536,423
<i>Proportion of total</i>	<i>10.25%</i>	<i>17.34%</i>	<i>12.49%</i>
Payment of interest	1,576,549		1,576,549
<i>Proportion of total</i>	<i>18.73%</i>		<i>12.81%</i>
Miscellaneous	294,795		294,795
<i>Proportion of total</i>	<i>3.50%</i>		<i>2.40%</i>
Total	\$8,418,838	\$3,886,266	\$12,305,104
<i>Proportion of aggregate</i>	<i>68.42%</i>	<i>31.58%</i>	<i>100.00%</i>
<i>Per capita</i>	<i>\$210.93</i>	<i>\$5.05</i>	<i>\$15.98</i>

¹Percentages refer to totals of respective vertical columns.

²Significant figure for per capita cost of city government in Minnesota.

Revenues

The annual per capita charge of \$15.98 for the maintenance and extension of city government was covered, in part, by *net revenues* from current sources, amounting to \$13.44, and the remainder was provided for by extraordinary receipts such as proceeds of bond issues and other loans. The significant figures pertaining to revenue burdens and to annual expenditures of municipalities are contrasted

in table B, under the captions "net revenue" and "for maintenance and interest." It is assumed that the municipal establishment shall, at least, be maintained at a uniform condition and efficiency. It is further assumed that certain receipts, here designated as "net revenues," shall be drawn from such permanent and ordinary sources as general taxes, fines and fees in amounts sufficient to finance the contemporary going costs of the municipality.

In the contrast of revenues and expenditures indicated, it appears that not a single city in the group has exceeded its current income in "living expenses;" and the considerable excess of current income over operating expenses (an average of \$2.51 per capita) shows rather extensive improvements paid for out of regular and current revenues. The thirty-three Massachusetts cities referred to in table D show a balance of 87.5 cents per capita on the other side of the ledger.

Although it is usually assumed by municipal authorities that the per capita cost of city administration advances with the increase of population, experience and statistics of Minnesota cities fail to demonstrate the accuracy of the assumption, at least as among cities of 5,000 to 22,000 population. Moorhead, with only 6,000 inhabitants, overtops in maintenance expenses the metropolis of the state, and Virginia with a population of 12,000 and without municipal water or light plant, is less than 5 per cent below Minneapolis. The respective populations and costs of maintenance of Minneapolis, St. Paul, and Duluth are reversed in order of magnitude, and for the other twenty cities no rule of relativity between population and per capita costs is in the least evident.

Differences between the per capita expenditures of certain cities are indeed striking. The details of such expenditures are represented in table II* and show, in so far as official reports were able to qualify, to what branch of expenditures the differential belongs. The maintenance of municipal water and light plants is an obvious cause of considerable difference.

*See Page 296.

TABLE B

Summary of Revenues and Expenditures of Twenty-three Cities in Minnesota for the Fiscal Year Ending July 31, 1910, or Date Nearest Preceding

CITIES ¹	Esti- mated Popu- lation ²	Per capita receipts		Per capita expenditures		Total
		Gross Receipts	Net Reven- ues ³	For Mainte- nance and In- terest ⁴	For Addi- tions and Im- prove- ments	
Minneapolis.....	300,000	\$19.60	\$12.12	\$11.05w	\$7.72	\$18.77
St. Paul.....	214,000	34.31	16.83	12.45w	3.89	16.34
Duluth.....	80,000	22.00	17.70	14.39wl	3.75	18.14
Winona.....	22,000	7.53	6.88	5.87w	.06	5.93
Stillwater.....	13,000	7.29	7.27	7.01		7.01
Mankato.....	12,500	11.71	9.00	7.95w		7.95
Virginia.....	12,000	14.66	14.17	10.49	1.30	11.79
St. Cloud.....	11,000	17.42	8.20	7.75w		7.75
Red Wing.....	10,000	15.55	11.79	7.62w	5.48	13.10
Brainerd.....	10,000	16.54	7.59	6.28wl	1.05	7.33
Faribault.....	9,600	16.22	7.42	5.16w	2.17	7.33
Eveleth.....	9,000	14.44	13.89	7.77w	3.79	11.56
Albert Lea.....	7,500	20.53	7.87	7.28w	10.21	17.49
Fergus Falls.....	7,000	10.18	7.83	7.99wl	1.94	9.93
Austin.....	7,000	11.37	11.26	7.53wl		7.53
Little Falls.....	6,500	5.66	5.66	4.57		4.57
South St. Paul.....	6,000	10.04	9.39	6.75w	3.31	10.06
New Ulm.....	6,000	14.01	13.90	7.61wl	6.76	14.37
Owatonna.....	6,000	7.12	7.04	4.76w	.58	5.34
Moorhead.....	6,000	32.53	18.65	12.36wl	15.03	27.39
Thief River Falls.....	5,000	14.98	8.87	7.05wl	9.22	16.27
Ely.....	5,000	15.43	14.68	8.31wl	1.85	10.16
Willmar.....	5,000	9.91	8.44	7.85wl		7.85
Average.....	33,483	\$22.45	\$13.44	\$10.93	\$5.05	\$15.98

¹Includes all municipalities in the state having population of 5,000 or over, with exception of cities of Cloquet and Rochester and village of Hibbing.

²Population estimated by chief accounting officer of each city.

³Excludes receipts from bonds, certificates of indebtedness and special assessments which are not properly included in cost of current government.

⁴Does not include payments on principal of public debt.

The suffixed letters *w* and *l* indicate, respectively, the maintenance of water and light plants.

Wealth, Debt and Taxation

It is advanced by publicists that the maxim of private finance, namely, "expenditures are determined by income," is reversed in theory and practice pertaining to the management of the public exchequer, and that public revenues may be and are determined in amount by expenditures. Superficially considered and within certain limits, this appears to be true; but a careful analysis reveals the

ultimate dependence of both public and private expenditures upon the private purse and income sources related thereto. That is to say, there is a limit to the taxable ability of any community, and as that limit is approached, other things being equal, the government appears less beneficent to its citizens and less conducive to increasing population and wealth. Consequently, the ratio of public expenditures to property valuations, where the general property tax is the chief agent of revenue, is a reliable measure of public burdens upon taxable ability and may prove a significant symptom of thrift or extravagance in municipal housekeeping.

Tabulations of absolute and per capita amounts of public debt mean very little unless the relation of debt to the debt-paying and interest-paying ability of the public is shown. When the debt in question is municipal debt, its relation to property values, and to the earnings of municipal industries which are derived therefrom, is a potent factor in establishing public credit.

Table C represents, as accurately as may be ascertained, the property values, general taxes, and bonded indebtedness of Minnesota cities, with the respective items reduced to a per capita basis. From these figures are deduced certain percentage relations which reveal the comparative burdens of city revenues and of city administration upon the average private purse, and also the extent to which urban property values are actually encumbered by obligations of municipal debt. Figures such as these are properly reflected in sales values and in the financial rating of the municipality. Other things being equal, the location of industrial plants and the shifting of population are quickly determined as between localities bearing different rates of taxes to values; and bond purchasers and underwriters are equally impressed by comparative relations between bonded indebtedness and valuations.

TABLE C

Summary of Wealth, Debt and Taxation in Twenty-three Cities in Minnesota, Showing Respective Relations of Revenues, Expenditures and Indebtedness to Valuation, for Fiscal Year Ending July 31, 1910, or Date Nearest Preceding

CITIES ¹	Population ²	Per Capita Valuation 1910	Per Capita Tax for Municipal Purposes for 1910 ³	Significant Percentage Relations		
				Net Revenue to Valuation	Maintenance Expenditure to Valuation	Indebtedness to Valuation
Minneapolis.....	300,000	\$1,327.44	\$10.12	.91%	.83%	3.39%
St. Paul.....	214,000	1,176.80	9.41	1.43	1.06	3.71
Duluth.....	80,000	1,206.10	7.80	1.47	1.19	3.77
Winona.....	22,000	757.95	5.48	.91	.77	2.24
Stillwater.....	13,000	538.46	4.30	1.35	1.30	4.26
Mankato.....	12,500	960.42	5.62	.94	.83	1.45
Virginia.....	12,000	2,299.70	15.14	.62	.46	
St. Cloud.....	11,000	766.60	6.27	1.07	1.01	3.47
Red Wing.....	10,000	845.75	6.50	1.39	.90	1.80
Brainerd.....	10,000	501.00	2.32	1.52	1.26	3.70
Faribault.....	9,600	760.42	3.84	.98	.68	1.58
Eyota.....	9,000	3,180.30	4.45	.44	.24	.19
Albert Lea.....	7,500	1,023.01	3.09	.77	.71	1.08
Fergus Falls.....	7,000	789.64	2.12	.99	1.01	2.26
Austin.....	7,000	633.20	4.24	1.78	1.19	2.14
Little Falls.....	6,500	755.00	3.58	.81	.66	2.56
South St. Paul.....	6,000	828.20	7.17	1.13	.81	4.04
New Ulm.....	6,000	416.67	3.06	3.33	1.83	3.60
Owatonna.....	6,000	842.60	2.06	.84	.57	1.36
Moorhead.....	6,000	433.33	1.33	4.30	2.85	3.51
Thief River Falls.....	5,000	400.00	1.51	2.22	1.76	3.90
Ely.....	5,000	947.16	6.06	1.55	.88	.17
Willmar.....	5,000	620.00	4.16	1.36	1.27	1.71
Average	33,483	\$1,187.85	\$8.53	1.13%	.92%	3.39%

¹Includes all municipalities in state having population of 5,000 or over, with exception of cities of Cloquet and Rochester, and village of Hibbing.

²Population estimated by chief accounting officer of each city.

³Estimated from tax levy of 1909. Does not include amounts levied for school purposes and as special assessments.

⁴Includes tax levy certificates of indebtedness.

The only opportunity for comparing costs of municipal government in Minnesota with similarly calculated costs in another state is afforded by the report on municipal finances recently published by the Massachusetts bureau of statistics. The classification of expenditures by the Massachusetts bureau is identical with that here used, except that educational payments are included in Massachusetts and, for reasons given above, are omitted in the group figures for Minnesota.

Table D places in significant contrast the per capita expenditures of twenty-three Minnesota cities with similarly classified payments of thirty-three Massachusetts cities. The Massachusetts figures are for the year ending April 6, 1908 (the latest available) and the Minnesota figures approximate the year 1909. The average population for the eastern cities is a little less than twice that of the cities of the western group. Taken collectively, the per capita expenditures of the Massachusetts group, both for maintenance and improvements, are approximately double those of the cities of Minnesota. About the same ratio appears when respective expenditures are taken class by class, with the exception of highways, municipal industries and interest. For highways and municipal industries, the Massachusetts expenditures exceed those of Minnesota by 25 per cent and 44 per cent, respectively, and the Massachusetts interest account is more than treble that of our local cities.

The justification of municipal expenditures ultimately rests upon contemporary property values, which, in fact, represent taxable ability and upon returns to the people in the form of public service benefits which, however, are theoretically reflected in property values. While per capita valuations in Massachusetts exceed those in Minnesota, the ratio is far from proportionate to that of municipal burdens. The difference in per capita valuations is less than 11 per cent in favor of Massachusetts. It is noteworthy also that the per capita municipal debt in Massachusetts is \$95.00 as compared with \$40.33 in Minnesota.

The contrasts noted above are particularly significant in that they are drawn from typical groups of municipal communities; the one being representative of a comparatively mature and static society, and the other of immature and rapidly changing economic and social conditions. There is little doubt that, through the evolution of years, city governments in Massachusetts have come to contribute to a higher public welfare than exists in the newer states of the west. This fact is of course reflected to the apparent dis-

advantage of Massachusetts in comparative administrative costs. The difference in the interest and debt items is likewise due to a more mature policy of public finance in the larger and older cities. Thus, in eastern cities, all improvements have for many years been financed by bond issues, resulting in the accumulation of obligations in the form of annual interest and maintenance of sinking funds. This contrast of debt policy is further revealed by the showing of current revenues among Minnesota cities sufficient in amount to pay all operating expenses and in addition enough to pay half the cost of all improvements for the current year. On the other hand, it appears that Massachusetts cities, for the year 1908, show a net deficit as between current revenues and maintenance costs.

TABLE D

Comparative Summary of Classified Aggregate Expenditures for Current Government in 23 Cities in Minnesota and 33 Cities in Massachusetts

Minnesota figures are for fiscal year ending July 31, 1910, or date nearest preceding. Massachusetts figures are for calendar year 1908.¹

(All amounts are per capita)

Purpose of Expenditure	23 Cities in Minnesota ²	33 Cities in Massachusetts ³
General administration.....	\$.79	\$ 1.38
Protection of life and property.....	2.70	4.02
Health and sanitation.....	.69	1.93
Highways and bridges.....	2.20	2.71
Charities and corrections.....	.36	1.71
Libraries and reading rooms.....	.24	.41
Recreation and civic beauty.....	.40	.67
Municipal industries.....	1.12	1.73
Interest and sinking funds.....	2.05	6.52
Miscellaneous.....	.38	.15
Total maintenance cost.....	\$10.93	\$21.23
<i>Ratio to valuation</i> ⁴.....	.92%	5.64%
Outlays for additions and improvements.....	5.05	6.57
Total expenditures.....	\$15.98	\$27.80
<i>Ratio to valuation.....</i>	1.24%	2.15%
Per capita municipal debt.....	\$40.33	\$95.00
<i>Ratio to valuation.....</i>	3.40%	7.35%

¹Statistics of Municipal Finance, Massachusetts Bureau of Statistics, Boston, 1910.

²Average population of cities included in Minnesota investigation 33,483, total population 23 cities, 770,100.

³Average population of Massachusetts cities 61,400. total population 33 cities 2,024,325.

⁴Per capita valuation—Minnesota \$1,186, Massachusetts \$1,290.

COST OF GOVERNMENT IN MINNEAPOLIS AND ST. PAUL.

Tables E and F represent in some extension the annual expenditures of the cities of Minneapolis and St. Paul in approximate conformity with the schedule now in use by the Massachusetts bureau of statistics.

Educational expenditures, which cannot be segregated for the smaller cities of Minnesota, are here included for the twin cities thus placing the totals on a comparative basis with statistics of cities as prepared by the permanent bureau of the United States census and by the Massachusetts bureau.

Extended comment on the comparative costs of government and the related qualities of the public service in the two cities is unnecessary. The tables are themselves suggestive of significant contrasts, which might profitably be subjected to further investigation; but it should be borne in mind when comparing figures that in such cases statistics for a single year are not always, or as a rule, representative of the normal order. A special effort was made in Minneapolis and St. Paul to secure uniform classification of expenditures according to object. It is quite possible, however, that minor items have been differently treated by reporting officials, thus slightly affecting totals and averages.

In classifying expenditures for *operation and maintenance* and for *improvements and additions*, no exact or general rule of distinction is recognized by statisticians. Very few cities carry depreciation, replacement or renewal accounts and consequently renewals are usually charged to improvements instead of maintenance and cost values are not annually reduced by writing off depreciation.

Before deductions are drawn from the tables or comparisons are made between the figures of this report and statistics elsewhere presented, it should be observed that payments are here classified not only with regard to object, but also upon the basis of their expenditure for maintenance, or their investment in more or less permanent improvements and additions. In the first case, they represent a value used up and properly charged to costs of current government. In the second case, they represent a transformation of funds into permanent assets. The combination of maintenance and improvement disbursements in the same class or item, as is frequently done in official statistics, is misleading and quite invalidates most statistics for purposes of comparison, either as among different cities, or at different periods in the history of the same city.

Payments on the principal of public debt are sometimes erroneously included among costs of government. Such charges are irrelevant either as maintenance or extension costs. Debt obligations in the long run involve merely the payment of interest for the use of municipal facilities and, possibly, annual contributions to a sinking fund. Under a proper system of public finance, the proceeds of initial issues of bonds are invested with a view to future and continuing benefits, and maturing bonds may be, and usually are, refunded by new issues. Interest charges and a credit to sinking funds when the avails of bond issues are subject to measurable annual depreciation, are the only legitimate costs of current government incident to debt transactions.

The significant figure for the cost of current government in the twin cities is the per capita footing of the maintenance column, being \$15.88 for Minneapolis and \$16.14 for St. Paul. When permanent improvement investments are added to the running costs, the figure for Minneapolis is \$24.71 and that for St. Paul \$20.99. For a comparison of these figures with cost of government in other American cities see table F and table III.*

*Page 300.

TABLE E

Classified Expenditures of the City of Minneapolis, Year Ending December 31, 1909

Purpose of Expenditure	Maintenance	Additions	Total
General administration	\$ 199,067		\$199,067
Proportion of respective total.....	6.00%		3.54%
Per capita.....	\$.66		\$.66
Protection of life and property	919,232	\$82,201	1,001,433
Proportion of respective total.....	27.72%	3.55%	17.76%
Per capita.....	3.06	\$.28	3.34
Health and sanitation	281,034	411,212	692,246
Proportion of respective total.....	8.48%	17.76%	12.30%
Per capita.....	.94	1.37	2.31
Highways and bridges	714,538	558,208	1,272,746
Proportion of respective total.....	21.55%	24.10%	22.60%
Per capita.....	2.38	1.86	4.24
Charities and corrections	133,726	8,672	142,398
Proportion of respective total.....	4.03%	37%	2.52%
Per capita.....	.45	.03	.48
Libraries and reading rooms	98,428	5,756	104,184
Proportion of respective total.....	2.97%	.24%	1.85%
Per capita.....	.33	.02	.35
Recreation	127,374	1,044,364	1,171,738
Proportion of respective total.....	3.84%	45.10%	20.81%
Per capita.....	.42	3.49	3.91
Municipal industries	153,092	205,587	358,679
Proportion of respective total.....	4.62%	8.88%	6.38%
Per capita.....	.51	.67	1.18
Payment of debt*	665,758		665,758
Proportion of respective total.....	20.08%		11.84%
Per capita.....	2.22		2.22
Miscellaneous expenditures	23,539		23,539
Proportion of respective total.....	.71%		.42%
Per capita.....	.08		.08
NET TOTAL	\$3,315,788	\$2,316,000	\$5,631,788
Proportion of respective total.....	100.00%	100.00%	100.00%
Per capita.....	\$11.05	\$7.72	\$18.77
Education	1,457,187	295,920	1,753,107
Per capita.....	4.83	.99	5.82
TOTAL, INCLUDING EDUCATION	\$4,772,975	\$2,611,920	\$7,384,895
Per capita.....	\$15.88	\$8.71	\$24.59

*Payment of principal of public debt not considered a legitimate charge to cost of current government. The item, \$665,758, includes payment of interest.

The cost of education is not included in the net cost of municipal government in Minnesota cities because the accounting systems do not make it possible to properly distribute educational charges as between municipal and other civil units.

TABLE F

Classified Expenditures of the City of St. Paul, Year Ending December 31,
1909

Purpose of Expenditure	Maintenance	Additions	Total
General administration.....	\$139,191		\$139,191
Proportion of respective total.....	5.22%		3.98%
Per capita.....	\$.65		\$.65
Protection of life and property.....	642,927	\$107,387	750,314
Proportion of respective total.....	24.13%	12.89%	21.52%
Per capita.....	3.00	\$.50	3.50
Health and sanitation.....	163,377	300,447	463,824
Proportion of respective total.....	6.13%	36.05%	13.25%
Per capita.....	.76	1.40	2.16
Highways and bridges.....	582,913	131,626	714,539
Proportion of respective total.....	21.87%	15.79%	20.40%
Per capita.....	2.73	.61	3.34
Charities and corrections.....	38,247	14,506	52,753
Proportion of respective total.....	1.44%	1.74%	1.51%
Per capita.....	.18	.07	.25
Libraries and reading rooms.....	41,339	9,407	50,746
Proportion of respective total.....	1.55%	1.13%	1.45%
Per capita.....	.19	.04	.23
Recreation.....	143,445	49,478	192,923
Proportion of respective total.....	5.38%	5.94%	5.50%
Per capita.....	.67	.23	.90
Municipal industries.....	151,413	220,485	371,898
Proportion of respective total.....	5.68%	26.46%	10.62%
Per capita.....	.71	1.03	1.73
Payment of debt*.....	549,980	2,715,000	549,980
Proportion of respective total.....	20.64%		15.71%
Per capita.....	2.57	12.69	2.57
Miscellaneous expenditures.....	212,038		212,038
Proportion of respective total.....	7.96%		6.06%
Per capita.....	.99		.99
NET TOTAL.....	\$2,664,870	\$833,336	\$3,498,206
Proportion of respective total.....	100.00%	100.00%	100.00%
Per capita.....	\$12.45	\$3.80	\$16.34
Education.....	790,632	206,057	996,689
Per capita.....	3.69	.96	4.65
TOTAL, INCLUDING EDUCATION.....	\$3,455,502	\$1,039,393	\$4,494,895
Per capita.....	\$16.14	\$4.85	\$20.99

*Payment of principal of public debt not considered a legitimate charge. The item, \$549,980 includes payment of interest to cost of current government, and credit to sinking funds.

The cost of education is not included in the net cost of municipal government in Minnesota cities, because the accounting systems do not make it possible to properly distribute educational charges as between municipal and other civil units.

COSTS OF CITY GOVERNMENT COMPARED

Table G represents the relative positions of Minneapolis and St. Paul, with respect to valuation, debt and cost of government, in a symmetrical group of fifteen cities in the United States selected in order of population as estimated for 1907. The census bureau figures for 1907 afford the only means for the statistical comparison of such municipal costs, and are here transformed to a per capita estimate and placed in conjunction with our figures for 1909. The details of the per capita maintenance expenditures of the fifteen cities classified in accordance with the general schedule are represented in table III*, and the respective ranks of Minneapolis and St. Paul with regard to each of the ten classes of expenditures are shown in table H.**

It is pointed out on a previous page that the true cost of government is properly revealed by the ratio of current expense to property values, and likewise, that the accurate measure of indebtedness is the relation of the absolute or per capita debt to relative property values subject to taxation for payment of principal and interest. Table G is so designed as to show these relations and to indicate the respective ranks of the several cities with regard to each.

It is observed that Minneapolis is now fifth in population, following Cincinnati, but has a per capita maintenance expenditure as low as ninth. It is also noteworthy that the highest relative expenditures are for highways, recreation and education; and that the lowest costs are for the protection of health, the promotion of sanitation and maintenance of water supply.

St. Paul ranks tenth in population and eleventh in relative expenditures. The fact that a comparatively high proportion of the city's expenditures are reported as "unclassified" tends to invalidate the relative accuracy of the classified totals. St. Paul makes a favorable showing of economy in costs of general administration. Highway and interest charges are relatively high, and health and sanitation, charities and corrections, and recreation appear to receive less than their normal shares of the city's funds.

When maintenance expenditure and public debt are shown in their relation to property values, Minneapolis is particularly favored among the fifteen cities compared by the rank of twelfth in maintenance charges and eleventh in indebtedness. This showing is

*See page 300.

**See page 285.

excelled by three cities only—Indianapolis, Kansas City and Denver—all of which are smaller and presumably more favorably circumstanced than Minneapolis.

St. Paul occupies ninth and tenth places, respectively, in relative magnitude of operating expenses and public debt.

In analyzing statistics, the median, or halfway point, is often more typical of a serial group than is the mean or arithmetic average. Table G presents a case of this kind. Both the median and mean averages are given, but the median is for comparative purposes the more representative type.

TABLE G

Summary of per capita wealth, debt, and taxation of fifteen cities in the United States having an estimated population of 150,000 to 350,000, showing respective relations of expenditures and indebtedness to valuations

Minnesota Tax Commission's Figures for Minneapolis and St. Paul for the year 1909 as Compared with Transformed United States Census Bureau Figures for 1907.

CITIES	Estimated population (thousands)	Per capita true valuation	Per capita municipal debt	Significant Relations	
				Maint'nce costs to valuation ²	Municipal debt to valuation
	<i>Rank</i>	<i>Rank</i>	<i>Rank</i>	<i>Rank</i>	<i>Rank</i>
Cincinnati.....	347 <i>1</i>	\$1,167	\$123.85	1 2.03%	2 10.06%
Milwaukee.....	323 <i>2</i>	1,270	32.93	13 1.33	9 2.59
New Orleans.....	318 <i>3</i>	902	88.46	2 1.65	6 9.80
Washington.....	313 <i>4</i>	1,264	45.73	8 2.10	1 3.62
Newark.....	296 <i>6</i>	1,000	63.48	6 2.00	3 6.35
Minneapolis ¹	300 <i>5</i>	1,327	44.95	9 1.25	12 3.30
	286	932	31.82	1.46	3.42
Jersey City.....	243 <i>7</i>	1,022	66.98	3 1.60	8 6.55
Louisville.....	230 <i>8</i>	1,032	37.74	11 1.27	11 3.65
Indianapolis.....	228 <i>9</i>	1,090	17.91	15 1.06	14 1.64
St. Paul ¹	214 <i>10</i>	1,177	43.70	10 1.33	9 3.57
	211	1,030	46.60	1 2.28	4 4.50
Providence.....	208 <i>11</i>	1,112	65.70	4 1.79	5 5.91
Rochester.....	189 <i>12</i>	1,051	65.20	5 1.70	5 6.20
Kansas City.....	185 <i>13</i>	1,560	41.69	11 1.19	13 2.58
Toledo.....	165 <i>14</i>	797	46.85	7 1.61	7 5.88
Denver.....	154 <i>15</i>	1,790	30.93	14 1.28	10 1.73
Averages {	Mean	1,750	57.49	1.55	4.90
	Median	1,112	46.85	1.60	3.65

¹Amounts in *italics* are Minnesota tax commission's figures for 1910.

²Includes cost of public schools.

TABLE H

Respective rank of Minneapolis and St. Paul among fifteen cities with regard to magnitude of population and classified expenditures

Figures for Minneapolis and St. Paul as of 1909; other cities as of 1907

Object of Expenditures	RANK	
	Minneapolis	St. Paul
<i>Population</i>	5	10
General administration.....	12	14
Protection of life and property.....	9	11
Health and sanitation.....	13	14
Highways.....	6	4
Charities.....	9	15
Education.....	6	12
Recreation.....	6	14
Municipal industries.....	13	11
Payment of interest.....	9	6
Miscellaneous expenditures.....	11	15
Aggregate expenditures	9	11

For details of the above table see table III, page 300.

ANALYSIS OF TABLES*

A careful analysis of tables I, II and III is quite suggestive of the comparative excellence of the prevailing economic policies of the twenty-three Minnesota cities represented. Such an analysis, however, cannot be perfect, or in fact adequate, when based entirely on a mathematical statement of financial operations for a single year. Moreover, the interpretation of a conspicuous contrast in statistical measurements may often be qualified by a knowledge of local conditions affecting and resulting from the financial operations involved. In the present case, as is always true in the beginning, the investigator is without statistical perspective and a knowledge of possible local contributing factors not revealed in the figures. For this reason deductions from the tables must be left, in large part, to interested persons who should form their judgments with due allowance for possible factors which do not appear in the tables. Some general and specific contrasts are sufficiently clear to warrant notice and to justify tentative inferences if not unqualified conclusions.

Responsibility for accuracy in the figures here presented, both as regards amounts and classifications, rests with the financial officers of the respective cities. In some cases corrections have been

*See tables I, II, III and IV, pages 294 to 304 inclusive.

made where evidence of error was apparent, but such corrections, when affecting maintenance costs, have in each case been submitted to the local officials for approval.

Revenues*

Receipts are classified as current or "net revenues," and "non-revenue items" such as bond sales and special assessments. In this classification the presumption is that operating expenses shall be provided for by current revenues from taxes, licenses, fines, etc., that bond issues may be resorted to only for purposes of permanent improvement and that special assessments are expended, primarily, for the benefit of property owners and not in the public interest. Public revenues for current uses, therefore, are designated as general taxes, licenses, fines and fees, earnings of municipal plants, and miscellaneous receipts. All receipts from current revenues and from non-revenue sources are finally combined to show total receipts and each class of receipts is shown per capita and in its percentage relation to the total.

From general property taxes the several cities draw proportions of their total receipts varying from 4.52 per cent, in the case of Moorhead, to 66.08 per cent in South St. Paul. The average for the group is 31.19 per cent or an average tax of \$7.01 for each city dweller.

Liquor licenses supply an average of 7.95 per cent of all municipal receipts. A noticeable quantitative relation prevails between liquor license receipts and revenues from fines and fees. The average for the latter is .81 per cent of all receipts. Winona, for example, draws 27.15 per cent of all receipts (\$2.05 per capita) from liquor licenses and at the same time, 4.43 per cent (33 cents per capita) from fines and fees—both proportions are about four times the average for the respective items among all cities listed.

Three cities operate no municipal industries whatever, and only nine of the twenty-three cities produce their own light. For this reason wide variation in both net revenues and cost of current government may be justified by the inclusion of this item of revenue and resulting public-service benefits.

Miscellaneous receipts are supposed to include small items such as rentals and sales of old equipment, not specifically provided for in the classification. It would be interesting to know why three

*See table I.

cities find it necessary so to specify 10 per cent or more of their total receipts.

The average per capita bonded indebtedness of Minnesota cities is \$40.33. The increase of \$6.75 for the year 1909, if normal, would indicate an unusual rate of debt accumulation. This increase, however, is probably not representative of a general condition but reflects extraordinary municipal extensions and additions necessitating heavy issues of bonds and certificates of indebtedness by a few cities only.

Both assessed and true property valuations, which are here considered to represent taxable ability, are normally higher in the larger cities. Virginia and Eveleth, however, are exceptions in this particular. True values, as nearly as can be estimated, range from \$400 per capita in Thief River Falls to \$3,180.30 in Eveleth. The average for twenty-three cities is \$1,187.85.

The total annual receipts of the twenty-three cities amount to \$17,290,326, of which only \$10,346,506 is properly designated as revenue for current uses. Stated in per capita terms the amounts are \$23.45 and \$13.44, respectively.

Expenditures*

Disbursements are here classified in general conformity with the plan of the Massachusetts bureau of statistics. With the exception of educational expenses, which have been necessarily omitted from the city schedule and included among county costs, the classes of table II are similar and comparable to those of the published statistics of Massachusetts cities for 1907 and 1908. Table II, likewise carries substantially the same distinctions with regard to *maintenance and improvements*, and *expense and non-expense* items of disbursement. Table IV shows in detail the application of the schedule of classified payments to the maintenance and operating account of the city of Minneapolis.

The average expenditure for general administration in the twenty-three cities is 79 cents. In the past it has usually been conceded that the per capita administration costs of cities increase with the population. A glance at column 1, table II, causes one to wonder why, with Minneapolis and St. Paul well below the average of 79 cents per capita, Duluth slightly above, and Winona only 33 cents, eight of the smaller cities should find it necessary

*See table II.

to spend over one dollar for this purpose, and why Moorhead should report \$2.01, Albert Lea \$2.44 and Virginia \$4.15.

The average expenditure for the protection of life and property is \$2.71 per capita. This class includes the maintenance of police and fire protection and of the municipal courts. Willmar, the smallest city of the group, naturally spends the minimum amount of 65 cents per capita; Virginia, with only 12,000 inhabitants, spends \$3.62; Mankato, next in size, spends \$1.24; St. Cloud, just below, gets along on \$1.10, and Minneapolis, St. Paul and Duluth spent \$3.06, \$3.00 and \$3.18, respectively.

Maintenance expenditures for the conservation of health and the promotion of sanitation command on an average the small sum of 69 cents per capita; but permanent provisions for these purposes show a salutary growth by an expenditure of \$801,388—over 20 per cent of the total extension of the municipal establishment. This tendency, however, is confined to the three larger cities. In the relative magnitude of current expenditures for health and sanitation, Virginia again takes the lead by contributing \$1.50 per capita, while Fergus Falls reports the minimum of 2 cents, and Thief River Falls and Owatonna report 5 cents each.

In expenditures for public health purposes, the cities of Minnesota are remarkably low. The fifteen American cities of 150,000 to 350,000 population, with which Minneapolis and St. Paul are classed, expend an average of \$1.47 per capita as against \$0.94 and \$0.76, respectively, for the two Minnesota cities. The thirty-three Massachusetts cities above referred to report an average of \$1.93 for this object as against \$0.69 for the twenty-three cities in this state.

Comparative expenditures for charities and corrections are, indeed, striking. The average per capita figure is 36 cents. Minneapolis spends 45 cents; St. Paul, 18 cents; Duluth, \$1.08; Virginia, 3 cents, and Willmar, 2 cents. Only an intimate knowledge of local causes and treatment of poverty and crime would justify the drawing of conclusions from these figures. As a matter of fact, there is no reason why charities and corrections should not be separately considered in order to facilitate the analysis of such costs, and the dual classification is used here only to conform to the usage of the United States census, the national municipal league and the Massachusetts bureau of statistics. Poverty and incorrigibility may not always bear a like relation to population, certainly they do not command relatively similar public treatment in the large and the small city and in all classes of society.

Despite the necessity of prudence in judging expenditure for charities and corrections (approximately three-fourths of which is for charities), one cannot suppress a query concerning the respective payments, amounting to 45 cents and 18 cents per capita, of two cities of such similar social structure as Minneapolis and St. Paul.

It is only in the larger cities, where the concentration of population and industry tend to eliminate pure air and natural diversions, that the problems of public recreation become acute and considerable expenditure for such objects is necessitated. Consequently, this item of expense may easily be eliminated in the small city. It appears that five Minnesota cities of 6,000 to 9,000 population have successfully done so, and only five cities, two of which have populations of less than 22,000, made improvements or additions for such purposes during the year.

Minneapolis spent 42 cents per capita for maintenance of public parks, baths, etc., and \$3.40 for additions. St. Paul spent 67 cents for maintenance and 23 cents for additions. The need of open spaces for the development of recreation facilities in cities everywhere demonstrates the short-sighted policy of young and growing cities in failing to provide for a potential necessity. Minnesota cities are, almost without exception, especially favored by an abundance of delightful and accessible recreation lands. It does not seem that this opportunity is being taken advantage of and proper provision being made for the future needs of a rapidly multiplying urban population.

The absence of uniform policy among cities as to public industrial enterprise is cause for a wide variation in the nature and value of respective *public services*. In nine of the twenty-three Minnesota cities the cost of government here deduced covers domestic water and light service; in twenty cities water only is supplied, and in three cities no "public utilities" whatever are included among public services. The excess expenditure of Duluth over Minneapolis and St. Paul is accounted for by the inclusion of a lighting plant among the municipal utilities of the former. The fact that Moorhead supplies both water and light service modifies, to some extent, the significance of the striking excess of that city's expenditures over those of other cities of like size. If expenditures for public utilities were disregarded, Little Falls would advance in cost of maintenance over Owatonna, Faribault and Winona and Stillwater would exceed Mankato, St. Paul, Red Wing, Eveleth,

Albert Lea, Fergus Falls, Austin, New Ulm, Thief River Falls and Willmar.

The need of a service unit by which public benefits may be measured is emphasized by the variation among cities with respect to the nature of utilities included in *public services*. The definition of such a unit and its application in the measurement of "what we get for our money" are not impossible, or indeed difficult; and the public mind will remain in ignorance or doubt as to the actual and relative efficiency of governmental units until such a measure of *values received* is made possible. Administrative officials should voluntarily work such things out and put them into use, either by their own efforts or by the assistance and advice of economic experts. Experience teaches, however, that as a general thing, official inertia—usually spelled "conservatism"—may be expected to prevent progress without the pressure of legislation and public opinion.

The treatment of the public debt and the classification of the items pertaining to interest, sinking fund, and payment of principal as between costs of maintenance and improvements offer considerable difficulty and constitute cause for wide differences of opinion and practice among accountants and statisticians. The accompanying tables assign interest payments and credits to sinking funds to *current maintenance costs*, assuming that public debts are incurred either for *permanent improvements* and therefore properly subject to refunding at maturity, or for benefits to be exhausted during the life of the bonds and therefore properly to be retired by the accumulation of a sinking fund. It is true that this assumption is not consistent with the hit-or-miss financial practice of Minnesota cities. There is occasion for improvement and uniformity in methods of funding city operations. Thus far, policies have been opportunistic rather than scientific, and the complete analysis of the public debt with regard to past, present and future costs and benefits is impossible.

Finally, it should be pointed that the aggregate payments for maintenance, additions and public debt (disregarding the application of sinking funds to retirement of principal), measure the *current costs* or burdens of government in contradistinction to *costs of current government*. The first may include payment for past services or for future benefits. The second should include only the annual value of current services. The latter is the significant measure of administrative costs and, possibly, administrative efficiency. Under a scientifically organized and financed system of administration, annual revenues and coincident costs of current government should be identical in amounts.

Table III places the classified expenditures of Minnesota's two largest cities in contrast with similarly classified expenses of the fifteen cities of the country nearest related thereto, according to the estimated populations of the United States census bureau for 1907. In view of the facts that the census bureau figures are for 1907, that the details of classification vary somewhat in the two investigations, and that the estimated populations of the census bureau for 1907 vary widely from the returns of the last census, table III is, of course, not adapted to close comparisons. But it does serve for a rough comparison of classified expenses in the several cities, and to show variations in St. Paul and Minneapolis in the years 1907 and 1909. The method of estimate used by the census bureau in arriving at the approximate population in 1907 may easily be improved, and the publication of accurate annual and biennial tables, in form similar to that of table III, may be made of distinct social and economic value.

Table IV is designed to illustrate, in an objective way, the classification of a city's expenditures in accordance with the plan of this investigation and the theory of uniform statistics. The table has been prepared with the hearty co-operation of Mr. D. C. Brown, city comptroller, and of Mr. H. A. Stuart, city statistician, and has their approval as a properly qualified descriptive statement of maintenance costs.

The classifications in table II are made as nearly as possible coincident with the Massachusetts plan and the scheme of the census bureau. But in table IV, the Massachusetts and census schedules have been departed from where there seems to be adequate reason for so doing.

The census schedule includes expenses of municipal courts among general administration costs. Upon the theory that the chief function of municipal courts is an extension of the public service in the protection of persons and property, the maintenance costs of such courts are here assigned to "protection of life and property."

Both the census schedule and the Massachusetts schedule include street sprinkling and street lighting with maintenance of highways. Now, although lighting and sprinkling doubtless augment the utility of highways as avenues of traffic, it requires no imagination to conceive of their main functions as contributing to other objects. With the possible exception of the trunk lines of city traffic, the lighting of streets serves primarily as protection and would seem to justify the transfer of such items of cost to "protection of life and property." For even more obvious reasons, street sprinkling is here charged to "health and sanitation;" and snow and

ice removal, which is designated by the census bureau as a measure of health and sanitation, is here transferred to "maintenance of highways." For reasons stated above, it seems logical and desirable to depart from the census schedule by separately classifying educational expenses and expenditures for libraries and reading rooms.

The classification of maintenance expenses incident to public debt is a tentative one and premises the funding theory advanced above, namely, that a right adjustment of interest and sinking fund accounts would make their annual aggregate representative of the burden of debt properly imputed to the current year upon the basis of benefits derived therefrom.

METHOD

The method employed in the gathering of data utilized in this study of cost of city government is an extension of that described in the preceding chapter and used in gathering revenue statements from all cities and villages. Under the law all local officials are obliged to furnish such information touching matters of public finance as may be requested of them by the tax commission. Schedules were prepared indicating upon blank forms the classifications of revenues and expenditures represented by tables I and II, also memoranda of debt, valuations, taxation and estimated population. Thirty to sixty days were allowed for the completion of schedules and upon their return they were carefully scrutinized and in many cases returned for correction. Taxes, valuations and liquor licenses as reported were checked against certain state records pertaining thereto, and thus an estimate of the probable accuracy of each report was arrived at. Obvious errors and inconsistencies were finally adjusted by correspondence with reporting officials and by the acquisition of new and more detailed data.

Methods of tabulation have followed the general line of work of the United States census bureau and the Massachusetts bureau of statistics. In many instances, as indicated above, the classifications and usages of these bureaus have been departed from. In such cases the departure has seemed justified by considerations of accurate and expedient analysis. The nature of local accounts and the limitations imposed upon the work and upon the data available have necessitated the abridgment of much of the minutiae included in the Massachusetts and federal statistics. However, enough has been accomplished to reveal within a reasonable degree of accuracy the current costs of municipal services and to indicate the possible benefits to be derived from regular, uniform, and detailed analysis of city finances.

CONCLUSIONS

The gratifying results of the recent reconstruction of the clerical and financial machinery of progressive cities and towns and a review of the conspicuously inadequate methods elsewhere prevailing, when taken in conjunction with the results of this investigation into the costs of city government in Minnesota, indicate the real need of state action in behalf of uniform municipal administration and finance.

There will always be competition among wide-awake cities for the prizes of social well-being, of success in industry and commerce, of advanced public credit and of reputable administrative economy. Noteworthy attainments along these lines signify progressive social institutions and superior political motives and attainments.

No state or community so fitted for social and economic development and so favored by natural environment as is Minnesota can afford to handicap its potential advantages by disregarding the need of up-to-date and efficient municipal machinery and organization. In the future, the rating of municipalities for purposes of residence, business or public credit will depend, in large measure, upon such factors as now prevail in the rating of business corporations, namely, accurate knowledge of the financial and managerial status of the enterprise and of the present benefits and probable future values of personal and financial participation in the enterprise.

In conclusion, the following suggestions are submitted:

First. The state should develop and gradually put into operation a system of uniform municipal accounts, identical fiscal years and scientific organization of municipal indebtedness.

Second. A system of annual reports, audits and statistical analysis which will insure accuracy, publicity and economy in the financial operations of all cities and villages, should be inaugurated by the state.

Third. By the extension of its departmental service, the state should provide not only for the attainment of the above named objects, but for their perpetuity and development, and for systematic study and research along lines of comparative municipal administration, with special reference to the individual and social distribution of benefits and burdens of municipal charges and expenditures.

CLASSIFIED REVENUES OF CITIES OF MINNESOTA HAVING AN ESTIMATED POPULATION SOURCES (FIGURES ARE FOR THE FISCAL YEAR ENDING JULY 31, 1910, OR DATE

CITIES	1	2	3	4	5	6	7
	Popula- tion	General Taxes	Liquor Licenses	Licenses Other Than Liquor	Fines and Fees	Earnings of Municipal Industries	Miscel- laneous Receipts
Minneapolis	300,000	\$2,459,020	\$413,560	\$30,920	\$56,483	\$347,691	\$329,695
Proportion of respective total		41.82%	7.03%	.53%	.96%	5.91%	5.61%
Per capita		\$8.19	\$1.38	\$0.10	\$0.19	\$1.16	\$1.10
St. Paul	214,000	1,517,621	404,000	20,884	27,076	478,078	1,154,002
Proportion of respective total		20.67%	5.50%	.28%	.37%	6.51%	15.72%
Per capita		7.09	1.88	.10	.13	2.23	5.39
Duluth	80,000	647,026	183,000	10,789	31,358	488,644	54,852
Proportion of respective total		36.76%	10.40%	.61%	1.78%	27.76%	3.12%
Per capita		8.09	2.29	.14	.39	6.11	.68
Winona	22,000	69,352	45,000	1,338	7,353	20,000	8,362
Proportion of respective total		41.84%	27.15%	.81%	4.43%	12.07%	5.04%
Per capita		3.15	2.05	.06	.33	.91	.38
Stillwater	13,000	61,595	23,000	469	2,243		7,136
Proportion of respective total		65.01%	24.28%	.50%	2.37%		7.53%
Per capita		4.74	1.77	.04	.17		.66
Mankato	12,500	61,520	26,000	729	743	19,798	3,773
Proportion of respective total		42.01%	17.75%	.50%	.51%	13.52%	2.58%
Per capita		4.92	2.08	.06	.06	1.68	.30
Virginia	12,000	95,623	34,140	986	378		38,952
Proportion of respective total		54.33%	19.40%	.56%	.21%		22.13%
Per capita		7.97	2.84	.08	.03		3.26
St. Cloud	11,000	58,414	16,500	769	446	11,842	2,185
Proportion of respective total		30.50%	8.61%	.40%	.23%	6.18%	1.14%
Per capita		5.31	1.50	.07	.04	1.08	.20
Red Wing	10,000	56,377	12,010	762	325	30,085	18,300
Proportion of respective total		36.26%	7.72%	.49%	.21%	19.35%	11.77%
Per capita		5.64	1.20	.08	.03	3.01	1.83
Brainerd	10,000	23,219	13,500	350	2,011	36,645	116
Proportion of respective total		14.04%	8.16%	.21%	1.22%	22.16%	.07%
Per capita		2.32	1.35	.04	.20	3.67	.01
Faribault	9,600	37,978	15,000	294	226	16,195	1,521
Proportion of respective total		24.38%	9.63%	.19%	.14%	10.40%	.98%
Per capita		3.96	1.56	.03	.02	1.69	.16
Eveleth	9,000	78,653	21,250	497	3,101	20,062	1,468
Proportion of respective total		60.52%	16.35%	.38%	2.39%	15.43%	1.13%
Per capita		8.74	2.36	.06	.34	2.23	.16
Albert Lea	7,500	25,362	14,400	422	744	11,553	6,510
Proportion of respective total		16.47%	9.35%	.27%	.48%	7.51%	4.23%
Per capita		3.38	1.92	.06	.10	1.64	.87
Fergus Falls	7,000	4,312	16,800	271	311	31,168	1,948
Proportion of respective total		6.05%	23.57%	.38%	.44%	43.75%	2.73%
Per capita		.62	2.40	.04	.04	4.45	.28
Austin	7,000	22,538	14,000	327	259	40,459	1,214
Proportion of respective total		28.33%	17.60%	.41%	.33%	50.86%	1.53%
Per capita		3.22	2.00	.05	.04	5.78	.17
Little Falls	6,500	22,976	11,500	317	61		1,976
Proportion of respective total		62.38%	31.22%	.86%	.17%		5.37%
Per capita		3.53	1.77	.05	.01		.30
South St. Paul	6,000	39,819	13,000	10	682	42,827	
Proportion of respective total		66.08%	21.58%	.02%	1.13%	69%	
Per capita		6.64	2.17	.01	.11	7.13	
New Ulm	6,000	16,206	13,000	230	142	52,773	1,054
Proportion of respective total		19.28%	15.46%	.27%	.17%	62.77%	1.25%
Per capita		2.70	2.17	.04	.02	8.80	.17
Owatonna	6,000	21,000	10,000	375	100	10,366	400
Proportion of respective total		49.13%	23.40%	.88%	.23%	24.25%	.94%
Per capita		3.50	1.66	.06	.02	1.73	.07
Moorhead	6,000	8,817	47,596	248	3,575	49,828	1,818
Proportion of respective total		4.52%	24.38%	.13%	1.83%	25.53%	.93%
Per capita		1.47	7.95	.04	.59	8.30	.30
Thief River Falls	5,000	9,047	13,000	172	430	19,191	2,499
Proportion of respective total		12.08%	17.36%	.23%	.57%	25.62%	3.34%
Per capita		1.81	2.60	.03	.09	3.84	.60
Ely	5,000	37,270	13,500	281	2,042	17,856	2,436
Proportion of respective total		48.31%	17.50%	.36%	2.65%	23.15%	3.16%
Per capita		7.45	2.70	.06	.41	3.57	.49
Willmar	5,000	18,522		163	202	22,212	1,099
Proportion of respective total		37.39%		.33%	.41%	44.84%	2.22%
Per capita		3.71		.03	.04	4.44	.22
Total for 23 cities	770,100	\$5,392,267	\$1,373,756	\$71,603	\$140,291	\$1,727,273	\$1,641,316
Proportion of respective total		31.19%	7.95%	.41%	.81%	9.99%	9.49%
Per capita		\$7.01	\$1.78	\$0.09	\$0.18	\$2.24	\$2.13

OF 5,000 OR OVER AND ABSOLUTE, RELATIVE AND PER CAPITA RECEIPTS FROM VARIOUS NEAREST PRECEDING)

8	9	10	11	12	13	14	15
Bonds and Certificates of Indebted- ness	Special Assess- ments	Total Receipts	Sum of Non-Re- venue Items (8 and 9)	Net Revenues	Bonded Indebtedness	Assessed Valuation	True Valuation
\$1,449,200	\$794,019	\$ 5,880,588	\$2,243,219	\$3,637,369	\$13,485,200	\$199,115,164	\$398,230,328
24.64%	13.50%	100.00%	38.15%	61.85%			
\$4.83	\$2.65	\$19.60	\$7.48	\$12.12	\$44.95	\$663.72	\$1,327.44
3,245,900	495,579	7,343,140	3,741,479	3,601,661	9,352,000	125,916,609	251,833,218
44.22%	6.75%	100.00%	50.95%	49.05%			
15.17	2.32	84.31	17.48	16.83	43.70	583.80	1,176.80
50,445	293,935	1,760,049	344,380	1,415,669	5,567,000	41,972,454	96,488,400
2.87%	16.70%	100.00%	19.57%	80.43%			
.63	3.67	22.00	4.30	17.70	69.59	524.65	1,206.10
	14,346	165,751	14,346	151,405	373,000	7,048,794	16,675,642
	8.66%	100.00%	8.66%	91.34%			
	.65	7.53	.65	6.88	16.95	320.40	757.95
	297	94,740	297	94,443	298,293	3,896,818	7,000,000
	.31%	100.00%	.31%	99.69%			
	.02	7.29	.02	7.27	22.95	299.76	538.46
22,000	11,874	146,437	33,874	112,563	174,000	3,885,645	12,005,272
15.02%	8.11%	100.00%	23.13%	76.87%			
1.76	.95	11.71	2.71	9.00	13.92	310.85	960.42
1,117	4,796	175,992	5,913	170,079		11,038,612	27,596,530
.64%	2.73%	100.00%	3.36%	96.64%			
.09	.40	14.66	.49	14.17		919.88	2,299.70
100,000	1,437	191,593	101,437	90,156	292,942	2,918,076	8,432,568
52.19%	.75%	100.00%	52.94%	47.06%			
9.09	.13	17.42	9.22	8.20	26.63	265.28	766.60
10,000	27,633	155,492	37,633	117,859	152,500	3,292,805	8,457,500
6.43%	17.77%	100.00%	24.20%	75.80%			
1.00	2.76	15.55	3.76	11.79	15.25	329.28	846.75
87,500	2,033	165,374	89,533	75,841	185,000	2,320,341	5,000,000
52.91%	1.23%	100.00%	54.14%	45.86%			
8.75	.20	16.54	8.96	7.59	18.50	232.03	560.00
80,000	4,542	155,756	84,542	71,214	115,000	2,763,875	7,300,000
51.36%	2.92%	100.00%	54.28%	45.72%			
8.33	.47	16.22	8.80	7.42	11.98	287.90	760.42
	4,937	129,968	4,937	125,031	54,000	11,449,119	28,622,800
	3.80%	100.00%	3.80%	96.20%			
	.55	14.44	.65	13.89	6.00	1,272.12	3,150.30
85,500	9,459	153,950	94,959	58,991	83,000	2,150,603	7,672,599
55.54%	6.15%	100.00%	61.68%	38.32%			
11.40	1.26	20.53	12.66	7.87	11.07	286.75	1,023.01
13,000	3,452	71,262	16,452	54,810	125,000	1,431,112	5,527,663
18.24%	4.84%	100.00%	23.09%	76.91%			
1.86	.49	10.18	2.35	7.83	17.86	204.44	789.64
	750	79,547	750	78,797	95,000	1,958,069	4,432,392
	.94%	100.00%	.94%	99.06%			
	.11	11.37	.11	11.26	13.57	279.72	633.20
		36,830		36,830	116,000	1,359,025	4,530,000
		100.00%		100.00%			
		5.66		5.66	17.85	209.08	755.00
3,919	60,257	3,919	3,919	56,338	200,520	2,503,851	4,969,212
6.50%		100.00%	6.50%	93.50%			
.65	10.04	.65	.65	9.39	33.42	417.31	828.20
670	84,075	670	670	83,405	90,000	1,253,925	2,500,000
.80%		100.00%	.80%	99.20%			
.11	14.01	.11	.11	13.90	15.00	208.99	416.67
500	42,741	500	500	42,241	69,000	1,773,909	5,055,627
	1.17%	100.00%	1.17%	98.83%			
.08	7.12	.08	.08	7.04	11.50	295.65	842.60
25,221	58,101	195,204	83,322	111,882	92,000	1,308,863	2,600,000
12.92%	29.76%	100.00%	42.68%	57.32%			
4.20	9.68	32.53	13.88	18.65	15.33	218.14	433.33
20,000	10,565	74,904	30,565	44,339	77,900	764,317	2,000,000
26.70%	14.10%	100.00%	40.81%	59.19%			
4.00	2.11	14.98	6.11	8.87	15.58	152.86	400.00
	3,759	77,144	3,759	73,385	8,000	1,894,314	4,735,785
	4.87%	100.00%	4.87%	95.13%			
	.75	15.43	.75	14.68	1.60	378.86	947.16
3,000	4,334	49,532	7,334	42,198	53,000	1,300,997	3,100,000
6.06%	8.75%	100.00%	14.81%	85.19%			
.60	.87	9.91	1.47	8.44	10.60	260.20	620.00
\$5,192,883	\$1,750,937	\$17,290,326	\$6,943,820	\$10,346,506	\$31,058,355	\$433,317,297	\$914,765,536
30.03%	10.13%	100.00%	40.14%	59.86%			
\$6.75	\$2.27	\$22.45	\$9.01	\$13.44	\$40.33	\$562.68	\$1,187.85

TAB

CLASSIFIED EXPENDITURES OF CITIES OF MINNESOTA HAVING AN ESTIMATED DISBURSEMENTS FOR VARIOUS PURPOSES (FIGURES ARE FOR THE FISCAL YEAR

CITIES	1 General Administration		2 Protection of Life and Property	
	Maintenance	Additions	Maintenance	Additions
Minneapolis	\$199,067		\$919,232	\$82,201
Proportion of respective total.....	6.00%		27.72%	3.55%
Per capita maintenance.....	\$8.66		3.00	
St. Paul	139,191		642,927	107,387
Proportion of respective total.....	5.22%		24.13%	12.89%
Per capita maintenance.....	.65		3.00	
Duluth	65,224		254,808	2,393
Proportion of respective total.....	5.66%		22.14%	.80%
Per capita maintenance.....	.82		3.18	
Winona	7,400		48,374	
Proportion of respective total.....	5.73%		37.44%	
Per capita maintenance.....	.33		2.20	
Stillwater	10,498		29,691	
Proportion of respective total.....	11.52%		32.57%	
Per capita maintenance.....	.81		2.28	
Mankato	18,481		15,467	
Proportion of respective total.....	18.60%		15.57%	
Per capita maintenance.....	1.48		1.24	
Virginia	49,914	\$15,135	43,427	
Proportion of respective total.....	39.67%	96.90%	34.52%	
Per capita maintenance.....	4.16		3.62	
St. Cloud	15,133		12,133	
Proportion of respective total.....	17.77%		14.24%	
Per capita maintenance.....	1.38		1.16	
Red Wing	9,000		12,662	2,000
Proportion of respective total.....	11.82%		16.63%	3.65%
Per capita maintenance.....	.90		1.27	
Brainerd	9,398		15,185	
Proportion of respective total.....	14.95%		24.16%	
Per capita maintenance.....	.94		1.52	
Faribault	5,181	1,046	7,757	3,622
Proportion of respective total.....	10.46%	5.02%	15.66%	17.40%
Per capita maintenance.....	.54		.81	
Eveleth	7,128		18,545	
Proportion of respective total.....	10.20%		26.53%	
Per capita maintenance.....	.79		2.06	
Albert Lea	18,298		5,060	
Proportion of respective total.....	33.51%		9.28%	
Per capita maintenance.....	2.44		.67	
Fergus Falls	3,498		5,107	
Proportion of respective total.....	6.25%		9.13%	
Per capita maintenance.....	.56		.73	
Austin	2,878		8,457	
Proportion of respective total.....	5.46%		16.04%	
Per capita maintenance.....	.41		1.21	
Little Falls	2,938		8,014	
Proportion of respective total.....	9.89%		26.98%	
Per capita maintenance.....	.45		1.23	
South St. Paul	6,507		4,851	1,418
Proportion of respective total.....	16.07%		11.98%	7.13%
Per capita maintenance.....	1.09		.81	
New Ulm	3,771		6,445	725
Proportion of respective total.....	8.25%		14.11%	1.79%
Per capita maintenance.....	.63		1.07	
Owatonna	10,692		2,236	
Proportion of respective total.....	37.39%		7.82%	
Per capita maintenance.....	1.78		.87	
Moorhead	12,048		10,588	321
Proportion of respective total.....	16.25%		14.28%	.36%
Per capita maintenance.....	2.01		1.76	
Thief River Falls	7,284		4,308	46,092
Proportion of respective total.....	20.67%		12.22%	100.00%
Per capita maintenance.....	1.46		.86	
Ely	4,323	708	7,449	1,191
Proportion of respective total.....	10.40%	7.67%	17.92%	12.90%
Per capita maintenance.....	.86		1.49	
Willmar	3,256		3,255	
Proportion of respective total.....	8.29%		8.29%	
Per capita maintenance.....	.65		.65	
Total for 23 cities	\$611,108	\$16,889	\$2,085,978	\$247,350
Proportion of aggregate totals.....	7.25%	.43%	24.78%	6.37%
Per capita maintenance.....	\$7.9		\$2.71	

LE II

POPULATION OF 5,000 OR OVER AND ABSOLUTE, RELATIVE AND PER CAPITA DIS-
ENDING JULY 31, 1910, OR DATE NEAREST PRECEDING)

3 Health and Sanitation		4 Highways and Bridges		5 Charities and Corrections		6 Libraries and Read- ing Rooms	
Mainte- nance	Additions	Mainte- nance	Additions	Mainte- nance	Additions	Mainte- nance	Additions
\$281,034	\$411,212	\$714,538	\$558,208	\$133,726	\$8,672	\$98,428	\$5,756
8.48%	17.76%	21.55%	24.10%	4.03%	.37%	2.97%	.24%
8.94		82.38		8.45		8.33	
163,377	300,447	582,913	131,626	38,247	14,506	41,339	9,407
6.13%	36.05%	21.87%	15.79%	1.44%	1.74%	1.55%	1.13%
.76		.73		.18		.19	
45,178	67,279	121,918	75,189	86,328	13,987	15,001	1,313
3.93%	22.42%	10.59%	25.06%	7.50%	4.66%	1.30%	.44%
.56		1.52		1.08		.19	
3,524		40,695		5,689		5,500	
2.73%		31.50%		4.40%		4.26%	
.16		1.85		.26		.25	
2,117		23,281		1,593		3,306	
2.32%		25.54%		1.75%		3.63%	
.16		1.79		.12		.26	
1,657		34,627				4,358	
1.67%		34.85%				4.38%	
.13		2.77				.35	
18,055	485	7,135		302		2,989	
14.35%	3.10%	5.67%		.24%		2.38%	
1.50		.59		.03		.25	
653		18,664		2,216		2,539	
.77%		21.91%		2.60%		2.98%	
.06		1.70		.20		.23	
1,127		19,199	33,831	364		2,650	450
1.48%		25.20%	61.79%	.48%		3.48%	.82%
.11		1.92		.04		.26	
1,080		3,797	7,371			450	225
1.72%		6.04%	70.32%			.71%	2.14%
.11		.38				.04	
714	1,271	16,207	10,518	2,232	156	1,178	721
1.44%	6.11%	32.72%	50.53%	4.50%	.75%	2.38%	3.46%
.07		1.69		.23		.12	
2,361		20,851	11,049	352			
3.38%		29.83%	32.34%	.50%			
.26		2.32		.04			
6,033	4,656	9,908	66,550				
11.05%	6.08%	18.14%	86.89%				
.81		1.32					
167	1,569	6,851	4,462	1,479		1,500	
.30%	11.54%	12.25%	32.82%	2.64%		2.68%	
.02		.98		.21		.22	
1,901		2,238				1,906	
3.60%		4.25%				3.62%	
.27		.32				.27	
490		6,504		949		1,072	
1.65%		21.90%		3.20%		3.61%	
.08		1.00		.15		.16	
496	64	9,774	16,358	209	637		
1.23%	32%	24.14%	82.22%	.52%	3.20%		
.08		1.63		.03			
425		10,248	5,000				
.93%		22.43%	12.33%				
.07		1.71					
300		7,875	3,500	300			
1.05%		27.55%	100.00%	1.05%			
.05		1.31		.05			
1,693	14,405	5,807	60,344	1,571		1,261	431
2.28%	15.97%	7.83%	66.91%	2.12%		1.70%	.48%
.28		.97		.26		.21	
247		2,728		1,392		\$393	
.70%		7.74%		3.95%		1.11%	
.05		.55		.28		.08	
770		10,915	6,345				
1.85%		26.26%	68.75%				
.15		2.18					
292		8,836		106		1,114	
.74%		22.50%		.27%		2.84%	
.06		1.77		.02		.22	
\$533,691	\$801,388	\$1,685,509	\$990,351	\$277,055	\$37,958	\$184,984	\$18,303
6.34%	20.62%	20.02%	25.48%	3.29%	.98%	2.20%	.47%
\$3.69		\$2.19		\$3.36		\$3.24	

TABLE II

CLASSIFIED EXPENDITURES OF CITIES OF MINNESOTA HAVING AN ESTIMATED
DISBURSEMENTS FOR VARIOUS PURPOSES (FIGURES ARE FOR THE

CITIES	7 Recreation		8 Municipal Industries	
	Maintenance	Additions	Operation	Additions
Minneapolis	\$127,374	\$1,044,364	\$153,092	\$205,587
Proportion of respective total.....	3.84%	45.10%	4.62%	8.88%
Per capita maintenance.....	\$4.42		\$5.51	
St. Paul	143,445	49,478	151,413	220,485
Proportion of respective total.....	5.38%	5.94%	5.68%	26.46%
Per capita maintenance.....	.67		.71	
Duluth	16,057	4,184	285,202	135,723
Proportion of respective total.....	1.39%	1.39%	24.78%	45.23%
Per capita maintenance.....	.20		3.57	
Winona	5,500	1,400	11,755	
Proportion of respective total.....	4.26%	100.00%	9.10%	
Per capita maintenance.....	.25		.54	
Stillwater	963			
Proportion of respective total.....	1.06%			
Per capita maintenance.....	.07			
Mankato	5,007		12,858	
Proportion of respective total.....	5.04%		12.05%	
Per capita maintenance.....	.40		1.03	
Virginia	1,467			
Proportion of respective total.....	1.17%			
Per capita maintenance.....	.12			
St. Cloud	1,507		14,294	
Proportion of respective total.....	1.77%		16.78%	
Per capita maintenance.....	.14		1.30	
Red Wing	1,000		12,282	18,469
Proportion of respective total.....	1.31%		16.13%	33.74%
Per capita maintenance.....	.10		1.23	
Brainerd	300	700	21,253	2,186
Proportion of respective total.....	.48%	6.68%	33.82%	20.86%
Per capita maintenance.....	.03		2.12	
Faribault	88		6,979	3,482
Proportion of respective total.....	.18%		14.09%	16.73%
Per capita maintenance.....	.01		.73	
Eveleth			16,451	23,121
Proportion of respective total.....			23.54%	67.66%
Per capita maintenance.....			1.83	
Albert Lea			8,440	5,386
Proportion of respective total.....			15.46%	7.03%
Per capita maintenance.....			1.13	
Fergus Falls	587		28,628	7,566
Proportion of respective total.....	1.05%		51.18%	55.64%
Per capita maintenance.....	.08		4.09	
Austin	1,110		34,221	
Proportion of respective total.....	2.11%		64.92%	
Per capita maintenance.....	.16		4.89	
Little Falls				
Proportion of respective total.....				
Per capita maintenance.....				
South St. Paul				1,418
Proportion of respective total.....				7.13%
Per capita maintenance.....				
New Ulm	732		23,691	34,810
Proportion of respective total.....	1.60%		51.85%	85.88%
Per capita maintenance.....	.12		3.99	
Owatonna	650		1,440	
Proportion of respective total.....	2.27%		5.04%	
Per capita maintenance.....	.11		.24	
Moorhead		203	31,964	14,479
Proportion of respective total.....		.22%	43.11%	16.06%
Per capita maintenance.....			5.33	
Thief River Falls	300		14,276	
Proportion of respective total.....	.85%		40.50%	
Per capita maintenance.....	.06		2.85	
Ely	141		16,295	986
Proportion of respective total.....	.34%		39.21%	10.68%
Per capita maintenance.....	.03		3.26	
Willmar	216		18,191	
Proportion of respective total.....	.55%		46.33%	
Per capita maintenance.....	.04		3.64	
Total for 23 cities	\$306,444	\$1,100,329	\$862,725	\$673,698
Proportion of aggregate totals.....	3.64%	28.31%	10.25%	17.34%
Per capita maintenance.....	\$4.0		\$1.12	

—Continued

POPULATION OF 5,000 OR OVER AND ABSOLUTE, RELATIVE AND PER CAPITA FISCAL YEAR ENDING JULY 31, 1910. OR DATE NEAREST PRECEDING)

9 Payment of Debts		10	11 Aggregate Disbursements			
Interest and Sinking Fund	Principal	Miscellaneous Expenditures	Maintenance and Interest	Additions	Net Total	Total, including payments on principal
\$665,758		\$23,539	\$3,315,788	\$2,316,000	\$5,631,788	*\$5,631,788
20.08%		.71%	100.00%	100.00%		
\$2.22		\$8.08	\$11.05	\$7.72	\$18.77	\$18.77
549,980	\$2,715,000	212,038	2,664,870	833,336	3,498,206	*6,213,206
20.64%		7.96%	100.00%	100.00%		
2.67	\$12.69	.99	12.45	3.89	16.34	29.03
247,136	68,655	14,270	1,151,122	300,068	1,451,190	1,519,845
21.47%		1.24%	100.00%	100.00%		
3.09	.86	.18	14.39	3.75	18.14	19.00
750	15,000		129,187	1,400	130,587	*145,587
.58%			100.00%	100.00%		
.03	.68		5.87	.06	5.93	6.61
19,701	3,000		91,150		91,150	94,150
21.61%			100.00%			
1.52	.23		7.01		7.01	7.24
6,909	22,000		99,364		99,364	121,364
6.95%			100.00%			
.55	1.76		7.95		7.95	9.71
2,518	1,117		125,807	15,620	141,427	142,544
2.00%			100.00%	100.00%		
.21	.09		10.49	1.30	11.79	11.88
15,899	3,000	2,146	85,184		85,184	88,184
18.66%		2.52%	100.00%			
1.45	.27	.19	7.75		7.75	8.02
5,394	20,000	12,480	76,158	54,750	130,908	150,908
7.08%		16.39%	100.00%	100.00%		
.54	2.00	1.25	7.62	5.43	13.10	15.10
11,385	87,500		62,848	10,482	73,330	*160,830
18.12%			100.00%	100.00%		
1.14	8.75		6.28	1.05	7.33	16.08
5,873	85,000	3,321	49,530	20,816	70,346	155,346
11.86%		6.71%	100.00%	100.00%		
.61	8.86	.35	5.16	2.17	7.33	16.18
3,031	2,500	1,173	69,892	34,170	104,062	106,562
4.34%		1.68%	100.00%	100.00%		
.54	.28	.13	7.77	3.79	11.56	11.84
1,820	10,132	5,041	54,600	76,592	131,192	141,324
3.33%		9.23%	100.00%	100.00%		
.24	1.35	.67	7.28	10.21	17.49	18.84
7,583	15,500	535	55,935	13,597	69,532	85,032
13.56%		.96%	100.00%	100.00%		
1.08	2.21	.08	7.99	1.94	9.93	12.14
			52,711		52,711	52,711
			100.00%			
			7.53		7.53	7.53
5,476		4,256	29,699		29,699	29,699
18.44%		14.33%	100.00%			
.84		.66	4.57		4.57	4.57
8,008		10,639	40,484	19,895	60,379	60,379
19.78%		26.28%	100.00%	100.00%		
1.34		1.77	6.75	3.31	10.06	10.06
	24,674	380	45,692	40,535	86,227	110,901
		.83%	100.00%	100.00%		
	4.11	.06	7.61	6.76	14.37	18.48
2,100	2,900	3,000	28,593	3,500	32,093	34,993
7.34%		10.49%	100.00%	100.00%		
.85	.48	.90	4.76	.58	5.34	5.83
9,216	13,000		74,148	90,183	164,331	177,331
12.43%			100.00%	100.00%		
1.54	2.17		12.36	15.03	27.39	29.66
4,014		305	35,247	46,092	81,339	81,339
11.39%		.87%	100.00%	100.00%		
.80		.06	7.05	9.22	16.27	16.27
		1,672	41,565	9,230	50,795	50,795
		4.02%	100.00%	100.00%		
		.34	8.31	1.85	10.16	10.16
3,998	600		39,264		39,264	39,864
10.19%			100.00%			
.80	.12		7.85		7.85	7.97
\$1,576,549	\$3,089,578	\$294,795	\$8,418,838	\$3,886,266	\$12,305,104	\$15,394,682
18.73%		3.50%	100.00%	100.00%		
\$2.05	\$4.01	\$3.38	\$10.93	\$5.05	\$15.98	\$19.99

TABLE III

Per Capita Classified Maintenance Expenditures of Fifteen Cities in the United States Having an Estimated Population of 150,000 to 350,000

Tax Commission's figures for Minneapolis and St. Paul for the year 1909 compared with transformed U. S. Census Bureau figures for other cities for 1907. Cities are arranged in order of population as estimated for 1907.

CITIES	Population in thou- sands ²	General Protec- tion of admin- istra- tion	Health and sanita- tion	High- ways	Chari- ties and correc- tions	Edu- cation	Recre- ation	Muni- cipal indus- tries	Inter- est	Miscel- laneous	Total	Rank	
Cincinnati...	347 (364)	\$2.16	\$3.96	\$1.54	\$2.31	\$1.53	\$4.67	\$.21	\$1.58	\$5.35	\$.11	\$23.42	2
Milwaukee.....	323 (374)	1.54	3.74	1.81	2.11	1.09	4.14	.30	.74	1.21	.21	16.89	8
New Orleans.....	318 (339)	1.45	2.73	2.06	1.45	.38	2.41	.24	1.46	2.66	.03	14.87	12
Washington.....	313 (331)	1.91	6.10	2.25	3.42	2.92	6.06	1.04	1.30	1.41	.12	26.53	1
Newark.....	296 (347)	1.29	4.10	1.81	1.33	.85	5.88	.23	.84	3.51	.12	19.96	4
Minneapolis ¹	300 (301)	.66	3.06	.94	2.38	.45	5.86	.42	.51	2.22	.08	16.58	9
Jersey City.....	243 (268)	.67	2.50	.77	2.24	.40	4.46	.39	.61	1.51	.02	13.57	11
Louisville.....	230 (224)	.88	2.90	1.20	.90	.28	3.42	.11	2.37	3.71	.08	16.33	10
Indianapolis.....	228 (234)	.43	2.95	1.05	1.36	.31	3.40	.30	.42	1.77	.16	13.13	13
St. Paul ¹	217 (215)	.65	3.00	.76	2.37	.18	3.00	.67	.11	.70	.01	11.57	15
Providence.....	208 (224)	.53	2.22	.83	1.90	.33	3.57	.68	.71	2.57	.00	15.59	14
Rochester.....	189 (218)	1.07	4.17	1.35	2.50	.56	4.56	.34	.65	2.15	.30	13.16	12
Kansas City.....	185 (248)	1.30	3.51	2.05	2.11	.90	3.66	.47	2.09	3.16	.15	19.95	5
Toledo.....	165 (168)	1.68	3.90	1.35	1.36	.40	5.49	.73	1.43	2.36	.05	17.84	7
Denver.....	154 (213)	.89	2.57	.73	1.46	.21	3.60	.24	1.67	1.90	.07	18.55	6
		4.21	3.88	1.36	2.09	1.49	6.96	.87	.68	2.35	.12	22.85	14
											.41	22.95	3
AVERAGES. 247		\$1.39	\$3.56	\$1.47	\$1.95	\$.92	\$4.45	\$.41	\$.97	\$2.51	\$.16	\$17.79	7

¹Amounts in italics are tax commission's figures for 1909.

²Figures in parentheses are U. S. census figures for 1910, just received.

TABLE IV

CITY OF MINNEAPOLIS

Details of Classified Expense Statement

Operation and Maintenance, Year Ending December 31, 1909

General government—

Council—

Aldermen's salaries—26 at \$1,200 each.....	\$31,200.00	
Council chamber supplies.....	760.52	
City clerk—salary.....	3,100.00	
City clerk—other salaries and expenses.....	7,256.68	
Publishing council proceedings.....	6,894.48	
Printing ordinances, pamphlets, etc.....	413.75	
Expense of delegates to conventions.....	570.22	
Miscellaneous.....	40.75	
		\$50,236.40

Mayor—

Salary.....	5,000.00	
Office supplies.....	620.24	
Emergency fund.....	5,000.00	
		10,620.24
(Salary of mayor's secretary, \$2,000, is included in the police department's pay rolls.)		

Finance—

City treasurer—salary.....	5,000.00	
City treasurer—other salaries and expenses.....	9,903.40	
City comptroller—salary.....	4,000.00	
City comptroller—other salaries and expenses.....	18,970.63	
City assessor—salary.....	3,600.00	
City assessor—other salaries and expenses.....	16,854.51	
Bond sale expenses, printing, advertising and delivering.....	522.48	
Printing annual report.....	2,220.10	
Premium on city treasurer's bond.....	1,032.07	
State public examiner—annual examination of city accounts.....	564.00	
Miscellaneous.....	411.37	
		63,078.56

Legal department—

City attorney—salary.....	5,000.00	
City attorney—other salaries and expenses.....	19,478.89	
		24,478.89

Election—

Special April election of alderman.....	723.06	
Insurance on voting machines.....	800.00	
Miscellaneous.....	82.65	
		1,605.71

(Cost of general election, 1908, \$23,109.07)

City hall—

Operation and care of same—salaries of custodian, electrician, engineer, assistants, elevator operators, janitors, fuel and general supplies.....		47,967.06
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Total	\$197,986.86
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TABLE IV—Continued

Protection of life and property—

Police department—		
Salary of superintendent.....	3,600.00	
Other salaries, wages and expenses.....	346,294.52	
Auto, motor cycles, safes, typewriter, etc.....	3,989.00	
Police pension.....	6,109.80	
		359,993.32
Municipal court—		
Three judges' salaries at \$3,600.....	10,800.00	
Clerk of court—salary.....	2,400.00	
Other salaries and expenses.....	11,659.35	
		24,859.35
Armory—		
Care of same, wages and supplies.....		6,803.67
Fire department—		
Salary of superintendent.....	4,042.50	
Other salaries, wages and expenses.....	482,455.63	
Firemen's relief.....	12,248.96	
		498,747.09
Inspection, miscellaneous—		
City building inspector—salary.....	3,500.00	
Other salaries and expenses.....	20,349.05	
City weigher—salary.....	1,010.00	
Miscellaneous expenses.....	262.80	
City sealer of weights and measures—salary.....	2,100.00	
Miscellaneous expenses.....	257.76	
Conduit inspection wages.....	1,252.00	
Miscellaneous expense.....	96.84	
		28,828.45
Street lighting—		
Inspector—salary.....	2,000.00	
Other salaries and office expenses.....	4,492.95	
Gasoline street lights—wages and supplies.....	15,253.71	
Electric street lighting—contract.....	90,157.02	
(Minneapolis General Electric Company, private corporation.)		
Gas for street lighting—contract.....	86,694.31	
(Minneapolis Gas Light Company, private corporation.)		
Lighting and care of gas street lamps—contract..	81,624.49	
(Patterson Street Lighting Company, private concern.)		
Miscellaneous.....	463.34	
		280,685.82
Dog pound (Humane Society).....		3,000.00
Total.....		\$1,202,917.70

TABLE IV—Continued

Health and sanitation—

Health department—

Commissioner of health—salary.....	\$3,300.00	
Other salaries and expenses.....	33,860.61	

37,160.61

Quarantine hospital—under supervision health dept.

6,037.86

Sewer repairs and sewage disposal.....

56,727.01

Street cleaning and sprinkling—

Street cleankling, flushing, etc.....	88,876.24	
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Street sprinkling.....	141,482.26	
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230,358.50

Refuse collection and destruction—health dept.—

Garbage collection.....	40,582.43	
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Garbage destruction at crematory.....	22,288.96	
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62,871.39

Total.....**\$393,155.37****Highways and bridges—**

General supervision—

City engineer—salary.....	5,000.00	
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Other salaries and expenses.....	39,850.97	
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Street commissioners—13 at \$1,200 to \$1,900 each.....	18,697.77	
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(These commissioners, one from each ward, are appointed by the city council and have general supervision over the street and sprinkling funds of their respective wards.)

63,548.74

General street expenditure—

Opening of street—awards, damages and special commissioners' wages.....	11,669.00	
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Personal injuries.....	4,479.66	
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Good roads.....	15,490.80	
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Automobile maintenance.....	769.38	
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Sidewalk repairs.....	23,983.06	
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Auditor's descriptions.....	1,277.00	
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Repairing dirt streets.....	108,683.66	
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Grading dirt streets.....	25,267.36	
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Bicycle paths.....	334.95	
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General expense.....	1,664.14	
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Snow and ice removal.....	29,361.06	
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222,980.07

Street pavements—paving repairs.....

10,501.08

Curb and gutter—repairs.....

3,591.28

Bridges and railroad crossings—

Bridge repairs and expense, including wages of bridge watchmen.....

21,109.33

Total.....**\$321,730.50****Charities and corrections—**

Relief of poor.....	\$21,322.18	
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Bethany Home appropriation.....	3,000.00	
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Humane Society appropriation.....	2,000.00	
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City Hospital.....	76,492.10	
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Hopewell hospital—tuberculosis patients.....	4,662.40	
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City workhouse.....	23,249.64	
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Total.....**\$130,726.32**

TABLE IV—Continued

Education—

Public Schools—

Total	\$1,457,187.27
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Libraries and reading rooms—

Public library and branches	97,927.96
Law library	600.00
Municipal reference library	500.00

Total	\$99,027.96
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Recreation—

Parks and parkways, including bath houses at Lake Calhoun ..	122,496.30
Public baths, Gerber baths on island in Mississippi river	4,577.42
Celebrations and entertainments	300.00

Total	\$127,373.72
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Municipal industries—

Waterworks—

Total	\$153,092.38
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Public debt—

Interest—

City bonds	\$432,230.50	
Park bonds	34,985.00	
School district bonds	700.00	
Court house and city hall certificates	26,312.50	
Temporary loans for schools	11,450.03	
Interest on cemetery purchase certificates	133.34	
		505,811.37

Sinking fund—

Sinking fund investments purchased		
Premium on sinking fund investments purchased ..	\$18,233.43	18,233.43

Total	\$524,044.80
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Miscellaneous objects—

Election contest	100.00
Redistricting voting precincts	980.00
Street railway suit	2,345.00
Gas investigation	1,749.31
Freight on figurehead of U. S. cruiser Minneapolis	59.78
Refund of excess assessments	551.16

Total	\$5,785.25
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GRAND TOTAL	\$4,613,028.13
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A reclassification of certain items and a modification of interest charges so as to eliminate delinquent interest from costs of current government account for the slight differences in the totals and sub-totals in tables II and IV.

